The role of relationship marketing at non-profit organisations in KwaZulu-Natal

By

Sameera Banu Hussain (20506945)

(M-Tech: Public Relations Management; B-Tech: Public Relations Management; ND: Public Relations Management)

Dissertation submitted in fulfilment of the requirement for

PhD: Management Sciences

Department of Marketing and Retail, Faculty of Management Sciences

Durban University of Technology

APPROVED FOR FINAL SUBMISSION

Supervisor: ....

Prof V.P Rawjee

D. Phil; MA; BA (Hons)

Co- supervisor: ....

Prof S Penceliah

Paed, B Com (Hons), M Com, PhD

ACKNOWLEDGEMENTS

- Firstly, I would like to thank the Almighty God for giving me the strength and guidance to complete my study.

- I would like to thank my family for the support that they have provided me throughout my life. In particular, I wish to acknowledge my parents, Mr. Mahomed Rafeek Hussain and Mrs. Latiffa Hussain, as well as my brother, Raees Hussain, my aunt, Mrs. Razia Hassanally and my cousins, Naeem Hassanally, Saffia Hassanally and Mohomed Hassanally, without whose love, patience and encouragement this dissertation would not have been completed.

- I would like to express my gratitude to my supervisor Prof V.P Rawjee and co-supervisor Prof S Penceliah for their constant motivation, expertise and patience in guiding me throughout my research project.

- Finally, I would like to thank my colleagues Ms Shobana Singh and Ms Colleen Lotz for their stimulating discussions and support.

DECLARATION

I, Sameera Banu Hussain hereby declare that the work presented in this research is my own and all sources have been duly acknowledged.

....

S.B Hussain

(10 December 2015)

ABSTRACT

In South Africa, non-profit organisations were seen as vocal and active players in the struggle against apartheid. During the country's transition period, non-profit organisations played a central role in mitigating the effects of apartheid's unequal development and in mobilising opposition to the apartheid state. With the focus moving towards service delivery, non-profit organisations have continued to play a major role in filling gaps and advocating on behalf of those living in poverty. Non-profit organisations do not operate to advance their own interests, instead, they use society's resources and goodwill to meet society's needs.

In the poor economic environment, stakeholders are unfortunately looking to cut back and save resources. It therefore becomes more critical for non-profit organisations to adopt relevant strategies to reach more stakeholders and to keep them involved and motivated. One such strategy that can be adopted is marketing, in particular relationship marketing. This study therefore sets out to investigate the role of relationship marketing within non-profit organisations in KwaZulu-Natal. A thorough overview of the literature was undertaken, mainly to investigate the nature of the non-profit sector in general as well as in South Africa, its marketing and the impact of relationship marketing.

A mixed methodology was employed for this study. A census study using questionnaires was used to collect quantitative data whilst qualitative data was collected using a face-to-face, semi-structured interview schedule. The findings revealed that funding has become the main constraint faced by the non-profit sector. Many non-profit organisations have employed marketing tactics to assist them in promotion and fundraising. Relationship marketing was identified as a concept which can assist the non-profit organisations in building and maintaining relationships with their stakeholders. Respondents further positioned communication as the central point for relationship building. The results of the data analysis led to the creation of a framework which outlines the role of relationship marketing at non-profit organisations. This study has clearly indicated that relationship marketing forms a powerful strategy that non-profit organisations should apply to manage long-term relationships with their key stakeholders.

Key Words: Non-profit organisations, Marketing, Relationship Marketing and Communication.

DEDICATION

I dedicate this research to my family without them, none of my success would be possible

TABLE OF CONTENTS

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

REFERENCES

ANNEXURES

LIST OF FIGURES **PAGE**

LIST OF TABLES **PAGE**

CHAPTER ONE

INTRODUCTION

1.1 PREAMBLE

Non-profit organisations are civil society organisations, that range from faith and community based organisations, charity (welfare) or traditional organisations such as social or sport clubs (Stephenson 2005:1). David (2013: 9) claims that a non-profit organisation exists to provide for the general betterment of society. Apaydin (2011: 194) explains that with the increase in non-profit organisations and the different types on non-profit organisations, competition in this sector is increasing at a rapid pace. This statement emphasises that with the amount of competition in this sector, it becomes even harder to obtain the financial resources required for the successful running of a non-profit organisation.

According to Yaziji and Doh (2009: 6-7) non-profit organisations can be divided into two dimensions. The first dimension focuses on whom the non-profit organisation is designed to benefit. Non-profit organisations have multiple stakeholders, including financial contributors, board members, executives, staff and beneficiaries. Gautier, Pache and Chowdhury (2013: 2) explain that self-benefiting non-profits are often membership associations which are designed to provide benefits to their members; whilst other benefiting non-profits are organisations in which capital and financial contributors are not members of the group but rather donators hoping they can assist in benefiting society at large.

The second dimension identified by Yaziji and Doh (2009: 8-9) highlights the purpose of the non-profit organisations. Non-profits activities can be divided into advocacy or service organisations. Larson and Kinnuren (2007: 5) mention that advocacy non-profit organisations are responsible for shaping the social, economic or political system to promote a given set of interests. These organisations are often found engaging in lobbying, staging tribunals, exposing the action or inaction of others whilst the service types of non-profit organisations provide goods and services to clients with unmet needs. Although some non-profits focus primarily on advocacy or service delivery, many are involved in both the activities simultaneously or evolve from one to the other. Non-profit organisations play a key role in promoting sustainable community development through activities focusing on capacity building and self-reliance. The various services that they offer allows them to reach out to the poor and remote communities.

Apaydin (2011:195) explains that with the increase in non-profit organisations and the different types of non-profit organisations, competition and other challenges are increasing at a rapid pace. A study conducted by Russell and Swilling (2008:15) shows that there are over 100 000 non-profit organisations operating in South Africa, all of which compete for financial resources. The study further elaborated that at least 53% of these non-profit organisations can be classified as less formal, local and community based; with many of them lacking professionalism, fundraising, management expertise and structure. Hence marketing of their services becomes of utmost importance.

According to Novatorov (2010:146) marketing at non-profit organisations allows for mutually satisfying exchanges, to take place between the selected targeted markets. Furthermore, marketing activities which can be undertaken by non-profit organisations, include identifying the stakeholders that they wish to serve or attract, explicitly or implicitly specifying objectives, organising, planning and implementing services and programmes and communicating their availability through announcements, advertisements or brochures. Brian (2012:1) supports the statements provided by Novatorov (2010: 146) and mentions that non-profit marketing involves the marketing of different aspects for the betterment of society as opposed to commercial gain.

From the activities mentioned above, it becomes apparent that non-profit organisations are extensively engaging in marketing techniques even if they are unaware of it. Kerin, Hartley and Rudelius (2014: 4) define marketing as the activity and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society. This definition implies that marketing focuses on delivering value and benefits to customers as opposed to selling goods, services or ideas. It uses communication to provide goods, services, ideas, values and benefits to stakeholders. Furthermore, marketing involves building long-term mutually beneficial relationships to all parties concerned.

Hollensen (2010: 9) explains that marketing involves a process that focuses on delivering value and benefits to their customers, not just selling goods or services. Thus, marketing utilises communication, distribution and pricing strategies which provide customers and other stakeholders with goods, services and benefits that they desire when they want and where they want it. Mutually satisfying exchanges can only be achieved by building long-term, rewarding relationships with both internal and external stakeholders.

Non-profit organisations rely heavily on funding and donations from organisations and individuals and operate within limited constraints of finance and resources. It is imperative that they focus on strengthening their relationships with key stakeholders and this can be achieved through relationship marketing. Catoiu and Tichindelean (2012: 657) suggest that relationship marketing represents a strategic level of marketing which guides the company to the identification, development and maintenance of a relationship portfolio. Through the managed relationship portfolio, the relationship marketing strategy can be a source of competitive advantage for the non-profit organisation. Hau and Ngo (2012: 222) state that a fundamental benefit of pursuing relationship marketing is the creation of stronger customer relationships that enhance performance outcomes, including sales growth, market share, profits, return on investment and customer retention.

Lattimore, Baskin, Heiman and Toth (2011: 327) assert that business customers prefer to have an on-going relationship with one organisation rather than switch continuously to similar organisations. These authors further imply that the employees of an organisation play a pivotal role in successfully implementing relationship marketing strategies. The above clearly reflects that the internal stakeholders play an important part in maintaining relationships with the external stakeholders.

Sangonet Pulse (2013: 1) claims that relationship marketing offers non-profit organisations the ability to foster strong partnerships with the public and the corporate sector; develop and implement innovative funding models; design a variety of resource mobilisation strategies, and incorporate a higher degree of professionalism and managerial structures within the non-profit organisation. Similarly, Habib and Kotze (2009: 3) inform that the ultimate aim of relationship marketing is to foster healthy relationships between stakeholder and the non-profit organisation which will enable them to effectively attend to the needs of society. Therefore the maintenance of effective relationships becomes pivotal for non-profit organisations

1.2 THE PROBLEM AND ITS SETTING

All non-profits organisations create communication campaigns and programs, including special events, brochures, radio and television appearances, and websites to stimulate public interest and involvement. Most non-profits also establish fund-raising goals and formulate plans to raise money. Toker and Kankotan (2008: 3) explain that the goal for non-profit organisations is to maximise the value that an organisation intends to create for its stakeholders and society. Apaydin (2011: 195) maintains that unfortunately, the frustrating reality is that non-profits, instead of partnering, often compete with one another for members, funds, and other resources. Building relationships can be seen as a means of generating competitive advantage. The implementation of effective strategies and tactics can be employed to build long term relationships with key stakeholders. The above reflects that for the survival of non-profits, it is essential that they develop and maintain their relationships with their key stakeholders and facilitate proper communication techniques in order to communicate effectively with their key stakeholders.

Relationship marketing is about retaining customers by establishing, maintaining and enhancing relationships with customers and other parties. Sohail (2012: 237) maintains that the overall goal of relationship marketing is to nurture and retain existing customers, reduce the costs of marketing and build mutually satisfying relationships. In addition, an organisation's level of relationship marketing activities is positively correlated to its performance as well as the level of strategic competitive advantage that it achieves in the market place.

As non-profit organisations depend on resources from various parties within the society, it is imperative that strong relationships are formed with these parties; this can be achieved using relationship marketing. Blythe (2009: 16-17) asserts that relationship marketing builds loyal customers and seeks to build a long-term client relationships which focuses on the lifetime value of the customer. Critical questions that therefore remain are, to what extent does relationship marketing apply to non-profit organisations and what are the key characteristics and the role of relationship marketing in non-profit organisations?

1.3 AIM AND OBJECTIVES

The overall aim of this study is to explore the role of relationship marketing within non-profit organisations in KwaZulu-Natal. The objectives of this study are:

- To analyse the extent to which relationship marketing applies to non-profit organisations.
- To identify and explain the role and key characteristics of relationship marketing.
- To examine the role of relationship marketing in non-profit organisations and assess the manner in which these relationships are developed.
- To propose a framework that outlines the role of relationship marketing at non-profit organisations

1.4 JUSTIFICATION FOR THE RESEARCH

The main aim of any non-profit organisation is to pursue social public welfare activities. The development of countries as well as regions has led to an increase in the number of non-profit organisations we have today. Non-profit organisations do not sell any products, but rather their mission, vision as well as their programs and services. This study is off the opinion that, should non-profit organisations not be promoted it is highly unlikely that financial contributions will be received, added to this is the competitive environment which they now operate in, hence promoting themselves effectively as well developing and maintain relationships with their key stakeholders is of utmost importance. The researcher therefore aims to explore the role of relationship marketing within non-profit organisations in KwaZulu-Natal. In addition to the above, the study aims to contribute to the body of existing knowledge on non-profit organisations, relationship marketing as well as communication tools which can be adopted by non-profit organisations.

1.5 OVERVIEW OF THE LITERATURE REVIEW

The non-profit sector provides services that are not performed by the business sector as they are deemed as “unattractive” to the business sector. Wymer, Knowles, and Gomes (2013: 7) assert that the ultimate aim of a non-profit organisation is to benefit society and without them, millions of volunteers and society at large would not be able to receive the valuable and diverse services offered by these institutions. The line distinguishing for-profit and non-profit organisations is becoming blurred. One of the easiest ways to differentiate between these entities is by determining what happens to any of the monies that are not spent on overhead and operating expenses. According to Blythe (2009: 3) the idea of customers being at the centre of everything that marketers do is the driving force behind all strategic planning. During any strategic or market planning one should always begin with the customers. Attracting new customers can often be difficult; therefore it is advisable that techniques should be implemented to enhance long term relationship with customers.

As the number of non-profit organisations increases, it has become necessary for these organisations to embrace marketing methods. By doing so, they will be able to maximise the number of stakeholders and promote their services more effectively to the individuals that the charity was set up to help. According to Bennett and Barkensjo (2005: 83) relationship marketing aims to establish, develop and maintain relationships with clients, whereas transactional marketing primarily focuses on attracting and satisfying new clients rather than building relationships. The author further implies that relationship marketing is particularly relevant to organisations offering complex and personalised services. Gilaninia, Almani, Pournaserani and Mousavian (2011: 788) explain that non-profit organisations are responsible for managing all aspects of interactions with their clients and even if they are operating effectively, they should always seek to improve their service offering.

Based on the reasons provided and the fact that non-profit organisations provide a range of community services which is based around personal contacts with beneficiaries and high levels of interactions, it can therefore be said that the non-profit sector is an ideal domain for relationship marketing. Delport, Mostert, Steyn and De Kerk (2010: 290) claim that identifying customers who have the intention to build long term relationships is beneficial for all types of institutions. This allows the marketer to segment their customers and by doing so it prevents money and resources being spent on developing relationships with customers who do not intend building long term relationships.

Dimitrov (2009: 9) explains that communication in a non-profit can be regarded as a valuable resource. He further elaborates that communication planning, strategies and skills can assist an organisation in becoming more cost efficient in the short term and gain a better competitive advantage in the long-term. Integrated marketing communication involves identifying the target audience and sharpening a well-coordinated promotional programme.

So that an organisation can successfully obtain the desired results from their target market. Nowadays organisations have a variety of methods to choose from when designing and delivering their promotional message to their relevant target audience. Many organisations are now implementing integrated marketing communication tools as well as social media into their communication efforts which serve as a relationship building tool.

An in-depth discussion relating to non-profit organisations and relationship marketing is presented in chapter two and three.

1.6 RESEARCH METHODOLOGY

The section below provides an outline of the methodology employed for this study.

1.6.1 Research design

As the study sets out to explore the role of relationship marketing within non-profit organisations in KwaZulu-Natal, a mixed method research approach will be most suitable. Mixed method research involves collecting and analysing both quantitative and qualitative data. By combining the two data sets a better understanding of the research problem will be obtained.

1.6.2 Target population

The South African Institute of Fundraising (2013: 1) provides a list of all non-profit organisations in KwaZulu-Natal. As this study solely focuses on the province of Kwa-Zulu – Natal, a census study will be most suitable.

1.6.3 Data collection method

Data will be collected using both quantitative and qualitative methods.

1.6.3.1 Quantitative data

Questionnaires consisting of both open and close ended questions will be sent via a web survey to all 2338 non-profit organisations with an expected response number of 322. In order to achieve the required response rate the questionnaire will be e-mailed twice. The questions will focus on non-profit organisations, marketing and key relationship marketing aspects which will be derived from the literature review.

1.6.3.2 Qualitative data

Qualitative data will be collected by using a face-to-face semi-structured interview schedule with the identified respondents. The interview questions will focus on non-profit organisations, marketing and key relationship marketing aspects and will be derived from the literature review. Ten respondents who have knowledge of non-profit organisations and are employed within this sector will be selected from the initial 2338 respondents. The ten interviews will provide a range of responses to add depth to the study.

1.6.4 Reliability and Validity

Questionnaires will be developed using the literature reviewed. This will ensure content validity. Triangulation refers to the use of more than one approach to the investigation of a research question. This is done to enhance confidence in the research findings. As the interview respondents will be stakeholders within the non-profit sector, data triangulation will be best suited for this study. To assess the reliability of the study, a pilot questionnaire and interview schedule was administered on a target group with similar characteristics as the selected sample.

1.6.5 Analysis of data

The quantitative data will be captured and analysed using the Statistical Package for Social Sciences (SPSS) version 23. Data will be presented using graphs (pie charts, histograms or bar graphs) as well as tables. Qualitative data will be analysed using thematic content analysis. This process involves discovering and reporting on themes from the interview transcripts.

1.7 LIMITATION OF THE STUDY

The study covers only the non-profit organisations located within KwaZulu-Natal. Other non-profit organisations were excluded due to time and cost constraints. Furthermore, this study is only concerned with marketing and in particular the role of relationship marketing at non-profit organisations.

1.8 STRUCTURE OF STUDY

This study contains six chapters. In more detail, the outline of the thesis is presented below.

Chapter One: Introduction

This chapter is an introduction to the study and gives the background to the subject being studied. It describes the importance of non-profit organisations and the need for these organisations to establish and maintain relationships with their stakeholders. It includes the aims and objectives, justifications of the study and the research methodology that will be used to find solutions to the problems.

Chapter Two: An overview of non-profit organisations

The literature review provides an overview of previous research on non-profit organisations. It defines non-profit organisations and outlines the role of these organisations in society. It explains the various barriers affecting non-profit organisations and the role of donors in these organisations. Furthermore an insight is provided into the South African non-profit sector.

Chapter Three: Relationship marketing

This chapter examines the changing focus of marketing activities from the inception of marketing up to the present resulting in the emergence of relationship marketing. The chapter then discusses the application of relationship marketing strategies and how it can be practiced at non-profit organisations. The chapter also includes the Morgan and Hunt relationship model which identified components necessary for building relationships. In addition, the chapter discusses the role of communication in building relationships and includes tools used in the communication mix.

Chapter Four: Research methodology

This chapter provides a detailed account of the methodology used. It presents research design, quantitative and qualitative research methodology using sampling and data analysis, justification for selecting respondents, data collection, strategies to enhance trustworthiness, and consistency of the empirical research.

Chapter Five: Presentation of results

This chapter presents the empirical results of the quantitative and qualitative study. The quantitative study will be analysed using SPSS version 23 and thematic content analysis will be used to present the qualitative analysis.

Chapter Six: Conclusions and recommendations

This is the final chapter which presents the conclusions and recommendations of the study. A number of recommendations regarding the findings to research problem, objectives and propositions are presented. It also proposes a communication model to aid non-profit organisations in building relationships.

1.9 CONCLUSION

This chapter has introduced the research problem, objectives of the study and justified the necessity for the research. The limitations, the key assumptions upon which the study will be based, and the methodology were presented. Finally, the chapter presented an overview of the chapters that follow and laid the foundation for this thesis. On this basis, the study now proceeds to providing an overview of non-profit organisations.

CHAPTER TWO

NON-PROFIT ORGANISATIONS

2.1 INTRODUCTION

The previous chapter has discussed the motivation for this research and presented an outline of the study based on the role of relationship marketing at non-profit organisation in KwaZulu-Natal. This chapter provides a brief overview of the non-profit sector and its growth from small community based organisations to the large non-profit sector it is today. Nowadays non-profit organisations are faced with two realities: although there has been an increase in volunteerism they firstly cannot rely on traditional sources of support and, secondly, as organisations increasingly turn to the market place for support, they find themselves having to compete with other organisations for the same needs. For this reason, the greatest challenge facing the non-profit sector is competition. As a consequence, the sector has had to attract new stakeholders in a market place flooded with competition. Hence, this chapter sets out to understand the different organisational categories and in particular the non-profit sector. In addition, this chapter provides an understanding of the social role of non-profit organisations, the inclusion of performance measurement instruments and the different lifecycle stages of non-profit organisations.

2.2 ORGANISATIONAL CATEGORIES

The Department of Social Development (2001:6) identifies three distinct sectors of organisations and the important role that these sectors play in the life of the South African community. The four business sectors are depicted in Figure 2.1 and categorises organisations into the Public sector, Private sector, Non-profit sector and Household sector. These sectors are expanded upon below.

FOUR BUSINESS SECTORS

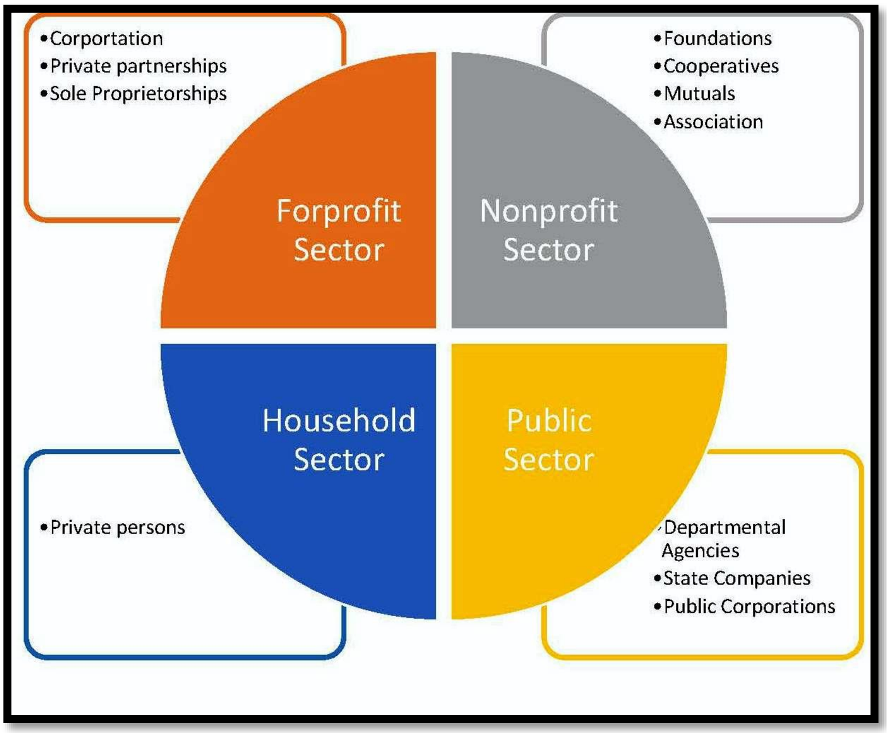


Figure 2.1 ***Four Business Sectors*** **(Department of Social development 2005: 6)**

Sector One – Public Sector

The state is voted into power through elections and is required to perform services within these communities. These activities are funded by taxes from individuals and institutions (Salamon, Sokolowski and List 2003:13).

Sector Two – Private Enterprise or Business Sector

Its purpose is to meet the needs and desires of individuals by providing goods and services. The public responds by making voluntary purchases of these goods/services. This two-way transaction allows the business to make a profit for them and provides the necessary needs and wants of the community (Department of Social Development 2005: 7).

Sector Three – Non-profit Sector

A non-profit organisation comes together when an individual and community agree to act together to give value to those that they serve. Early financial assistance is received from founders or stakeholders which is then followed by appeals to donors. Resources may also be received from the government (Department of Social Development 2005: 7).

Sector Four – Household Sector

Salamon *et al.* (2003: 1) explain that the household sector includes the entire population of society. It includes all of the consumption seeking members of society. The economy exists to satisfy the wants and needs of the household sector.

It is interesting to note that Figure 2.1 positions the non-profit sector between the for-profit and the public sector. Bennett and Barkensjo (2005: 7) suggest that the key to understanding. Non-profit organisation is by first understanding its counterparts which are for-profit organisations and the public sector.

2.3 FOR-PROFIT ORGANISATIONS

Bennett and Barkensjo (2005: 45) explain that for-profit organisations are categorised by their search for profit. These organisations will provide goods or services to consumers to earn the highest profit. Novatorav (2010:6) mentions that for-profit organisations can be divided into three main types, namely: sole-proprietorship, private partnerships and for-profit corporation.

2.4 PUBLIC ORGANISATIONS

Pubic organisations are legally dependent on the government. Public organisations play a major role in the provision of public goods. Common examples of those goods are energy, communication and transportation. The Department of Social Development (2001: 8) states that there are three types of public organisations; namely: Departmental Agencies, Public Corporations and State Companies.

The discussion on the various types of organisations allows one to gain a broader understanding of the different business sectors of South Africa as well as their purpose and functions. Each sector is different in terms of their goals and objectives. As this study focuses on the non-profit sector, this sector will now be discussed.

2.5 NON-PROFIT ORGANISATIONS

The Department of Social Development (2005: 7) explains that when an individual or group sees a need or problem within a community and wish to do something to address that need or problem, they have initiated an action. When that action becomes an ongoing effort and parties begin to organize themselves to continue this activity "*They give birth to an organization*" – commonly referred to as a Non-Profit Organization.

Swilling (2002: 7) explains that non-profit organisations are private, voluntary organisations which are responsible for serving the interests of the public for the promotion of social welfare and development, religion, charity and education. The Department of Social Development (2005: 9) adds that non-profit organisations receive the majority of their funding from private contributors and not from market transactions or the Government. This implies that non-profit organisations are community based, voluntary and independent organisations or associations engaged in servicing the public good (Jacana media 2012: 4). In addition, non-profit organisations play an important role in facilitating social economic growth and development as well as strengthening political stability and accountability within their respective countries. Gautier *et al.* (2013: 2) explain that the situation of non-profit organisations in every country is unique, and stands in direct relation to the uniqueness of that countries culture, history, size, population, political system, financial situation and infrastructure. Non-Profit organisations provide goods or services which are under-provided by the market or government. This shows that non-profit organisations exist because the public demands the services they provide, and are therefore willing to provide such organizations with their time and donations.

Bennett and Barkensjo (2015: 17) declare that the non-profit sector is not a new phenomenon but has existed since ancient times. According to the Department of Social Development (2005: 2) the non-profit sector has become a major economic and social force which is recognized locally, nationally and internationally. At the local level, non-profits form part of the community building initiatives and empowerment strategies. At the national level, non-profits are increasingly involved in welfare, health care and even education. At an international level, one can observe the rise of international non-profits and its expanding role within the international system of governance. International non-profits have increased in size and structures and some span into different countries and continents. This implies that non-profit organisations have the ability to perform and execute activities to meet the desired needs of a varied society.

Based on this, it is evident that non-profit organisations play a key role in the transformation of society, from industrial to post-industrial and more importantly, the 21st century has led to the re-discovery and re-development of non-profit organisations whereas previously they were regarded as just "providers of human services". It is also important to note that the non-profit sector plays a vital role in assisting the government to achieve its development objectives through contributing skills for which non-profit organisations have comparative advantage, such as public information, education and communications campaigns, or providing information about the situations and needs of particularly vulnerable groups.

2.6 PERFORMANCE MEASURES FOR NON-PROFIT ORGANISATIONS

Many researchers have indicated the advantages of implementing performance measurements at non-profit organisations. Performance indicators include input, output, throughputs, outcome and impact (Sargeant and Bennett 2004: 7). Inputs refer to everything that is needed to successfully carry out a mission or a certain project. This includes staff, volunteer, physical capital, material and income etc. It is necessary that non-profit organisations optimize all inputs. Outputs represent the quality of work performance or the amount of services delivered. Inputs and outputs are closely related. Outputs indicate the amount of work performed whilst inputs are the amount of resources required to complete the work. Therefore these two concepts measure the organisations efficiency (Yaziji and Doh 2010: 18). Throughputs are closely linked to the organisations activities. Measuring different activities and processes makes it possible to evaluate the capacity of the non-profit organisation.

Sargeant and Bennett (2004: 8) further inform that outcomes are closely related to the mission of the organisation. Measuring outcomes and evaluating effectiveness makes it possible to determine the extent to which the non-profit organisation's mission was achieved. The last performance indicator is impact which refers to reviewing the results from the non-profit organisations activities. Impact can range from long-term to short-term as well as positive and negative.

Although these indicators have been derived from the private sector, Zeglat, Alrawabdeh, Al Madi and Sharafat (2012: 442) explain that performance management systems can assist a non-profit organisation as it focuses on continuous improvement. Larson and Kinnuren (2007: 13) claim that there are various frameworks for performance management; however the Balanced Scorecard is the most widely utilised performance measurement framework. This framework is depicted below.

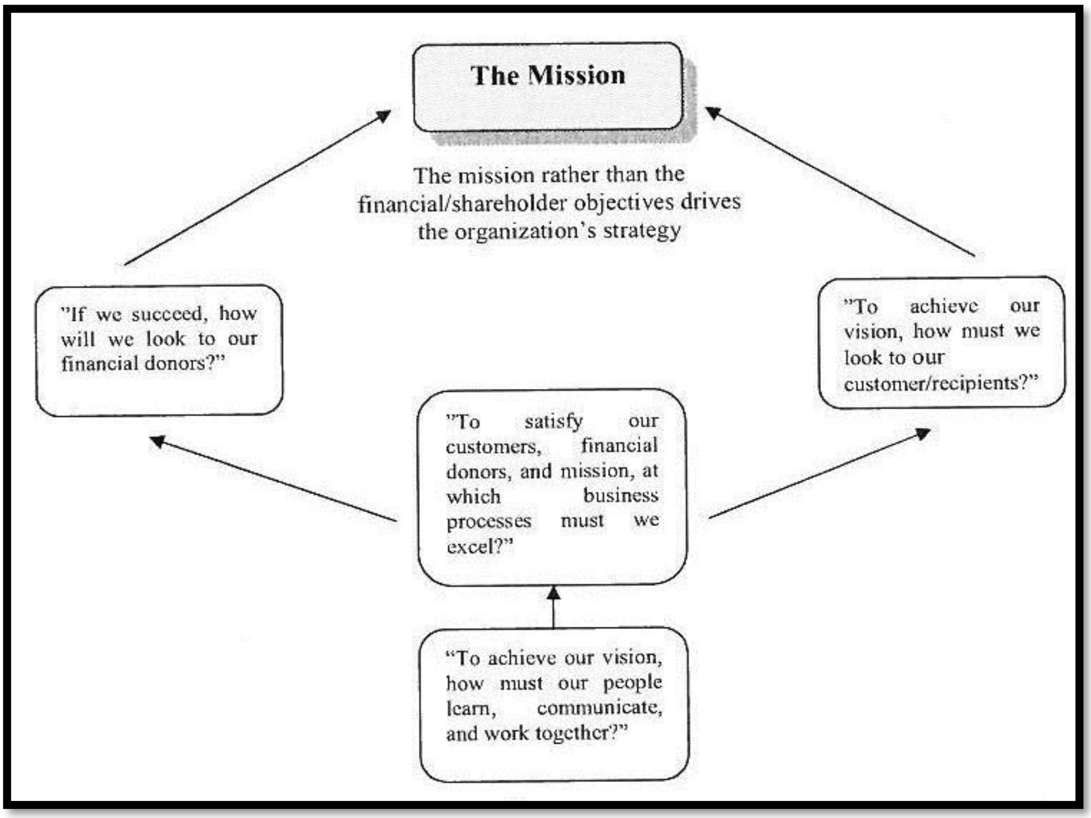


Figure 2.2 The Balanced Scorecard framework (Larson and Kinnuren 2007: 13)

The framework above highlights four different perspectives; namely: financial, internal, business, customers and innovation and learning. Larson and Kinnuren (2007: 21) indicate that these perspectives provide answers to questions on how the non-profit organisations appear to their stakeholders, what they must excel at, how customers view them and how they can improve. For this framework to be successfully implemented, key stakeholders must fully support the framework. A clear strategy needs to be developed and communicated to all stakeholders; this will in turn lead to organizational improvement.

2.7 NON-PROFIT LIFE-CYCLES

According to Clearly (2003: 8-9) it is essential that the evolution of non-profit organisations is understood as this will contribute to achieving a high performing organisation. Non-profit research provides a clear description of four stages of the non-profit organisation's growth. Dobrai and Farkas (2012:33) provide a brief description of each of these stages below:

Stage one – Start-up

This phase of the non-profit organisation does not include any organisational development activities. It comprises of implementing programs to respond to the public demand. As these organisations begin to formalise their activities and achieve their short term goals, they then realise that they need to establish themselves as an agency (Clearly 2003:9).

Stage two – Emerging

An emerging non-profit organisation is in the process of designing a carefully laid foundation for success and incorporates many of the necessary elements for effectiveness into the organisation. The mission of the non-profit organisation should be supported by the growing programs. Staff and leadership should be motivated and the organisation should be working towards a well organised board together with finances and resources. Emerging non-profit organisations should aim to become learning organisations and build their capacity and infrastructure to evolve to the next stage.

Stage Three – Consolidation with growth

According to Dobrai and Farkas (2012:34) the purpose of this stage is to strengthen the organisations capacity to expand its programs and program delivery. During this stage improvements should be made to the non-profit organisations processes and programmes. In addition, at this stage the non-profit organisations finances should be relatively stable and the organisation should be identifying resources to assure future growth.

Stage Four – Expansion

In the fourth stage the non-profit organisation's programs grow and impact a larger constituency or have their focus re-directed. Should they fail at their attempt to expand, they may face dissolution. It therefore becomes necessary for non-profit organisations to expand their services to reach a larger target market and improve effectiveness. Zeglat *et al.* (2012: 442) maintain that best practices should be shared with others to increase their effects on the public. Furthermore, non-profit organisations should adopt policy reform strategies aimed at influencing change. Therefore the organisations may attempt to either increase the demand of a particular program or they may have become so successful in achieving their goals that their programs are no longer necessary and their focus becomes re-directed to sustain their livelihood.

Just like other organisation types, non-profit organisations grow and change. Key stakeholders within the non-profit organisation are therefore required to assess the lifecycle stage of their organisations. This will then assist them in improving and sustaining their organisation. Relationship marketing attempts to create a bond between the stakeholder and a company or its brands. Its distinguishing characteristic is its focus on building long-term rather than short-term relationships with stakeholders. The successful implementation of relationship marketing will aid the non-profit organisation in expanding its operations.

2.8 PRACTICES OF NON-PROFIT ORGANISATIONS

Worth (2008: 6) has identified six key practices of non-profit organisations. The six practices are able to present a new method of examining non-profit organisations. The first practice is to advocate and serve. Many non-profit organisations do not focus on one social aspect. Whilst non-profit organisations may start out focusing on one service, they may realise the need to advocate for other changes e.g. to gain governmental support, or improve public perception. To make markets work is the second practice. Crutchfield and Grant (in Worth 2008: 13), explain that the purpose or mission of a non-profit organisation is critical. The correct design and formulation of a mission statement can assist in receiving donations, volunteers or fostering new business alliances

The third practice is to inspire others. Non-profit organisations should always attempt to bring in people from communities to assist in the non-profit organisations. This will create ways for people to engage with the non-profit organisation and find out more about its mission and the services being offered. Nurturing non-profit networks is the fourth practice. This practice focuses on non-profit organisations seeking to lend their expertise thereby improving the non-profit network (Larson and Kinnuren 2007: 38). The fifth practice is mastering the art of adaptation. Non-profits must be able to respond and adapt to the environmental changes and learn from their mistakes. They should attempt to listen, experiment, innovate, evaluate, learn and modify. Lastly, the sixth practice involves sharing of leadership. For a non-profit to reach its full potential, its leadership should be shared. By sharing power and different leadership styles a diverse range of skills and perspectives can be incorporated into the running of the non-profit (Crutchfield and Grant in (Worth 2008: 28)).

After assessing these six practices of non-profit organisations, Pate (2010: 32) believes that creating a meaningful brand should be adopted as the seventh practice. Many non-profit organisations fail to market themselves or create any awareness of their organisation. By creating a meaningful brand, the non-profit organisation will have positioned itself differently to that of their competitors and this will create for them a distinct competitive advantage. The seven practices have highlighted that whilst it is important to focus on the internal running of the organisation, external factors should not be neglected. Ultimately the aim of any non-profit organisation is to create change and have a positive impact on society.

2.9 TYPES OF NON-PROFIT ORGANISATIONS

Non-profit organisations are divided into four main categories. Bennett and Barkensjo (2005: 14 -15) identify these categories as **foundations** which are set up by an individual or a group of individuals. These individuals would have formulated a purpose as well as rules and regulations for its operations. The foundations can be involved in activities ranging from business, family or charity; **Co-operations** are characterised by membership control and ownership amongst its members. Its members include a range of stakeholders such as customers, retailers or employees; **Mutual** relates to non-profit organisations distributing their profits. Whilst co-operations are owned by its beneficiaries, mutuals' are owned by an individual person; **Associations** includes a diverse group of organisations. They are less involved in business activities but control membership rights. Non-governmental organisations are often referred to as associations.

Apart from operating in different categories, non-profit organisations serve different sectors. Apaydin (2011: 194) provides the following sectors for non-profit organisations; social justice organisations who fight for general issues of concern; cultural organisations are responsible for engaging in aspects such as art, music, theatre or cultural activities; social leisure organisations exist for social or hobby purposes, education and human service organisations engage in research and are linked to schools or provide additional education programmes and services.

2.10 RESOURCES FOR A NON-PROFIT ORGANISATION

Worth (2008: 12) explains that for a non-profit organisation, resources may refer to monetary (grants, donations, revenue from sales and fees of services), In-kind (donated material) and labour (both paid and volunteers). Non-profit organisations are required to make use of various revenue sources to sustain their cause.

According to the Department of Social Development (2006: 11) revenue structures of non-profit organisations are more complicated than that of for-profits. Revenue can be generated from: *Public Sector payments*. This comprises grants and contributions from the Government as mandated by law or third party payments from individuals for services rendered. *Private Giving* includes receiving grants from foundations or operating foundations; business or corporate donations and individual giving (contributions received from individuals or via fundraisers). *Private fees and charges* includes fees paid for services offered, membership fees, income from profit subsidiaries income that a non-profit receives from its investments or capital owned.

As a result of the global economic crisis, funding has become a major obstacle for non-profit organisations. Budget reductions have become equally noticeable in corporate social investments. As a result non-profit organisations have sought more funding from the Government, ultimately increasing competition within the non-profit sector (Gautier *et al*. 2013: 82). With government funding also comes a degree of accountability for the funds by the non-profit organisations. Rather than relying solely on government funding, non-profit organisations have been encouraged to source alternate revenue sources to sustain their cause, therefore donors play a vital role in contributing to the sustainability of the non-profit organisation.

2.11 THE IMPORTANCE OF DONORS

Acquiring funds through donations is a major challenge for non-profit organisations and this challenge has been steadily growing due to the increase of non-profit organisations. The services provided by non-profit organisations is of vital importance and with Government agencies not being able to cope in providing these services, non-profit organisations are required to fill in the gap (Sargeant and Lee 2002: 216).

Weideman (2012: 89) reports that donations received at the non-profit organisations in the United Kingdom has declined or continues to remain stagnant. This declining donor pool has made acquiring funds from donors increasingly difficult. Furthermore, the response rate to acquiring new customers has fallen as well. As a result, non-profit organisations need to become much more sophisticated and professional in acquiring more donors. Sargeant and Lee (2004: 216) suggest that the non-profit organisations should acquire new donors from a larger portion of the population. Non-profit organisations should investigate distinguishing characteristics of donors, what the donor likes and why do they donate.

2.12 WHY DO DONORS DONATE?

Weideman (2012: 92) explains that in the 18th century economists proposed that people's behaviour was based on self-interest. In 1714, Mandeville believed that "pride and vanity" buys more charity. However, Adam Smith suggested that, "*no matter how selfish man is supposed to be, there are some principles in his nature... though he derives nothing from it except the pleasure of doing it.*"

Despite these arguments, Brian (2012: 4) argues that humans appear to have an inner desire to assist others. Social Scientists have identified the following reasons for people to help others: The expectation that they will receive help when needed; the need to adhere to social norms and the need to assist out of guilt. Blery, Katseli and Tsara (2010: 12) claim that donating or giving is an acquired skill of an individual. This is attributed firstly to the examples set by their parents or guardians and secondly from religious education which reinforces that philanthropy is a learned behaviour.

2.13 THE DONOR DECISION MAKING PROCESS

Non-profit organisations seek to make valuable contributions to society as providers of public services, but in order to continue their work a strategic approach to fundraising needs to be adopted. Critical to this approach is an understanding of the donor decision process. The following decision process model proposed by Weideman (2012:95) assists an individual in deciding whether to donate or not.

DECISION MAKING PROCESS

PHASE ONE - HELPING DECISION PROCESS

1. Awareness of another person in need.
2. Interpretation of the situation.
3. Recognition of personal responsibility
4. Perception of ability/competence to help.
5. Implementation of helping action

PHASE TWO – INTERNAL FACTORS

1. Demographics
2. Personality variables.
3. Social status.
4. Mood
5. Knowledge, ability and resources.
6. Personal experience

PHASE THREE - EXTERNAL FACTORS

1. Nature of appeal for help
   - Ambiguity / consequences
   - Urgency
   - Accountability
2. Other people involved
   - Person in need of help
   - Person requesting help
   - Other helpers
   - Bystanders

Figure 2.3 ***Donor decision making process*** **(Weideman 2012: 95)**

Phase one of the donor decision making process creates an awareness of another person in need. This stage is prompted by another person's need for help. This could be anything from an actual cry for help to hearing the non-profits plea for assistance. The second stage represents an interpretation of the situation which depends on an individual's interpretation of the situation in terms of the urgency and intensity of the need; the consequences should action be taken, the extent to which the person in need is with assisting and the behaviour of others who are also aware of the situation. Recognition of personal responsibility is the third stage and this occurs when an individual recognises that he/she is the one who needs to take action. Thereafter the individual, who is considering assisting, needs to perceive that the action will be taken. This refers to perception of ability / competence to help. Finally implementation of helping action will occur (Weideman 2012: 6).

Phase two of the donor decision making process highlights the internal and external factors that are able to mitigate the decision making process. The first internal factor listed in model refers to demographics. Individuals who are classified as high income earners are more likely to contribute to charities. Lower-income individuals contribute to charities as they are better able to empathise with those in need. Weideman (2012: 96) explains that research conducted by Ostrower in 1997 has highlighted that higher-income earners are more likely to donate to educational, environmental, ecological and cultural causes but less likely to support homelessness and children charities.

Another demographic factor is age. Younger people (under 35) tend to contribute less to charities whilst older people (over fifty) give more. Popisil (2009: 94) further state that in recent years a trend has emerged showing that younger generations appear to be less motivated to contribute to non-profit organisations than previous generations. Gender also plays a key role. Yaziji and Doh (2009: 12) inform that men generally are less likely to donate than women. Women tend to empathise more with others and it has been said that women give from the heart than the brain.

The second internal factor is personal variables. Studies have shown that non-profit organisations should target people who have a giving personality. People who focus more on others tend to become donors rather than those who are completely self-interested. A third internal factor is that of social status. Weideman (2012: 98) explains that individuals who have status in a community and are professional tend to donate more. The mood of the individual is the fourth factor. If an individual is in a positive mood the tendency to donate to a charitable cause increases.

The fifth internal factor focuses on people assisting only if they think that it will help. Individuals who believe that they lack the knowledge or expertise required to help others will not do so unlike those who are more confident in their resources or abilities. The last internal factor is previous experience. The experiences of an individual who has been involved with a charity will impact on the future behaviour of that individual. People who have volunteered or have had positive experiences when contributing will most likely contribute on an ongoing basis.

Phase three of the donor decision making process provides the initial motivation for contributing to non-profit organisations may be deemed altruistic; however subsequent contributions may be classified as egotistical. Sargeant and Jay (2004: 45) explain that the first of the external factors is the nature of appeal. The appeal for contributions must be clear and personal. It must show the urgency and the consequences if contributions are not provided. The second external factor highlights the role of the people involved in the situation. Weideman (2012: 99) states that individuals will assist those whom they can relate to in some manner. Thus if a person is responsible or partly responsible for their situation, help is less likely to be received.

In addition, a non-profit organisation with a good reputation will attract more donations as they are classified as being more effective and efficient. The third external factor is the availability of an alternate course of action. Should a donor believe that another cause of action can be adopted, the donor will simply not be willing to assist. Lastly, environmental factors such as time, space and physical obstructions can prevent an individual from contributing.

It is important that non-profit organisations understand the decision making process as well as donor behaviour. This will enable them to correctly target those individuals who have the ability and are willing to form relationships and donate to their cause. Non-profit organisations operate in areas that are often difficult and sometimes costly e.g. social services for people with disabilities, care facilities for fragile and older people. With the rise of various non-profit organisations, competitiveness amongst these organisations for resources occurs at a rapid pace. The section below discusses various factors that could prevent the non-profit organisation from being successful.

2.14 BARRIERS PREVENTING SUCCESS AT NON-PROFIT ORGANISATIONS

Many non-profit organisations encounter barriers that prevent them from becoming successful. Dobrai and Farkas (2012: 40) have identified barriers relevant to non-profit organisations. These are explained below.

Disinterest in the funding program is a common barrier where donors are often more interested in identifying effective programs and less likely to focus on the organisations need for funding. Therefore non-profit organisations need to initiate innovative processes for developing good program ideas. Another common barrier is when ideas for program improvements are generated in one organisation and publicised for other non-profit organisation to implement. This hampers the success of the program development. It separates people who deliver the service from the people who generate the ideas. As a result, program implementation does not occur as successfully as it should.

At times board members are often unwilling to deal with the difficult issues necessary to improve the non-profit organisation's capacity building. Dobrai and Farkas (2012: 41) explain that a board's culture may be relaxed whereas an active and an engaged relationship between the board and management is required. Furthermore, board members may have little experience in improving the non-profit organisation hence the resistance to build upon the organisations performance. In addition, board members, staff and clients often do not have the time necessary to dedicate to building the infrastructure of the non-profit organisation. Defining and measuring performance, improving resources are additional tasks that boards of successful non-profit organisations accept along with their other responsibilities.

David (2013: 5) explains that an added barrier is organisational communication strategies which have traditionally flowed one way, which is downward, upward or laterally. Successful organisations share information by communicating in all directions to keep everyone informed. This in turn builds trust and reinforces the values of the organisation. Organisational culture represents another barrier faced by non-profit organisations. This includes the development of organisational capacity. Employees become assigned to status or roles and as a result may form different assumptions about the goals of the organisation and its objectives. This limits their willingness to express creative ideas and innovations. It is therefore important that organisational culture which values different perspectives and ideas are formed.

Anke (2008: 16) mentions that many non-profit profit organisations have not adapted to the numerous technological changes. The importance of technology is two-fold. Firstly it is necessary to support the infrastructure and increase knowledge and communication. Secondly, technology can assist the non-profit organisation in implementing programs to achieve its mission. The advent of globalisation and new technologies have brought about new processes for organisations, new products or services and new demands from stakeholders. Technological change is ongoing and organisations are required to be aware and adapt to these changes. Anheir (2000: 1) believes that non-profit organisations should apply systems theory to effectively monitor the environment and focus on how such changes will affect them. This will allow non-profit organisations to proactively adapt to changes.

2.15 MANAGEMENT OF NON-PROFIT ORGANISATIONS

Organisations are omnipresent. We all are involved or have been involved with them in one way or another. However, to live effectively in modern society, we are required to understand organisations. Organisations, whether for profit or not-for-profit, play a key role in accomplishing the social, political and economic goals of society. According to Clearly (2003: 3) all organisations, regardless of which sector they belong to share certain characteristics such as; two or more people interacting interdependently to achieve a common goal, coordinating activities within some type of formally structured legal entity or dependent on exchange within the environment in which it operates. Blythe (2009: 35) mentions that organisations can be described as units of people that are structured and managed to meet a need or to pursue collective goals. All organizations are required to have a management structure that determines relationships between the different activities and the members, and assigns roles and responsibilities to carry out different tasks. Organizations are open systems indicating that they affect and are affected by their environment.

Salamon (2010: 5) supports Salamon and Anheir’s argument by informing that the John Hopkins Comparative non-profit sector project found that in 22 countries, the non-profit sector held an average 5% of total employment. In addition, the non-profit organisations in the 22 countries have the equivalent of 10.4 million full time employees and volunteers. Therefore, this increases the non-profit sector employment average to 7.1% .Much of the non-profit sector, while rooted in age old disciplines such as charity, volunteerism and philanthropy, have now expanded into social welfare and legislation. This implies that the non-profit organisations are discovering the concept of management. Dobrai and Farkas (2012:7) explains that managing of non-profit organisations tend to be more competitive. The missing profit motive allows for greater variety of preferences, motivations and objectives to arise.

In addition, managing its external environment includes diverse constituencies, stakeholders and multiple revenue sources (donations, fees and charges and public sector payment) as well as the non-profit internal environment including the board, staff, volunteers, clients and users. From a management point of view, a non-profit organisation is seen as a combination of different motivations, standards and challenges with the complexity of managing one equal to that of a for-profit. Clearly (2003: 5) explains that the South African non-profit organisations Act of 1997, defines non-profit organisations as "a trust, company or other associations established for a public purpose; and the income and property of which are not distributable to its members or office bearers except as reasonable compensation for services rendered.

Although non-profit organisations are legally required to use net earnings to finance other projects and services, this should not prevent them from striving to be a financially viable institution. To become a financially viable institution, management and organisation principles which are perceived to belong to the for-profit sector needs to be implemented. Some of these principles are strategic and proactive reaction to the environment, effective organisation design, competitive performance, professional performance, new funding approach and managing innovation and change

Toker and Kankotan (2008:2) mention that change in a non-profit organisation from operating in a welfare mode to running in a more standard business mode can be more complex however, a theoretical perspective known as the systems theory can assist in facilitating change and transformation of the non-profit organisation. Stephenson (2005: 3) postulates that a "system" can be described as a complex of interacting components together with the relationships amongst them. According to Lin (2013:1) the systems theory should be defined in two ways:

Externally	Each system has a role to play in the higher level system within which it exists.
Internally	Using its subsystems and internal functions, each system is made up of components and sub-systems which need to inter-relate and contribute to the overall purpose of the parent system.

Based on the definition provided above, the manager of an organisation should develop an overview of the organisation to define the higher-level system within which it operates and determines its purpose.

HIGHER LEVEL SYSTEM

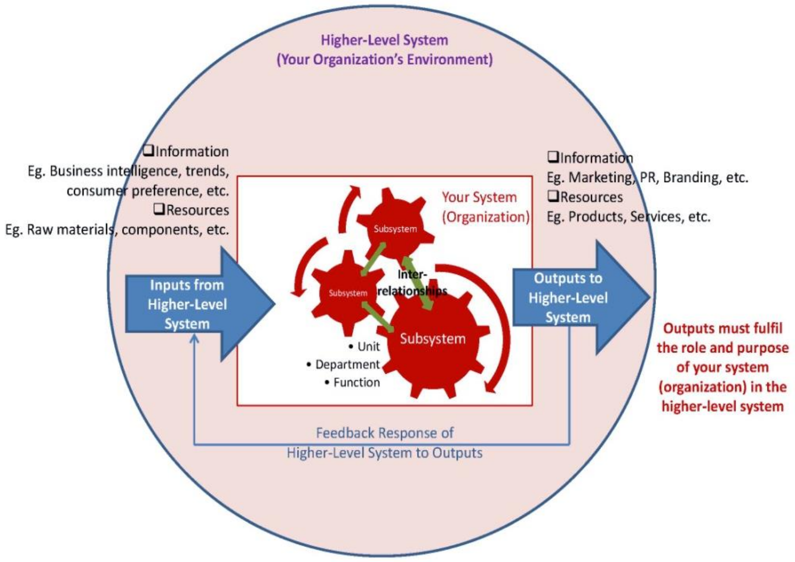


Figure 2.4 ***Higher level system*** **(Lin 2013: 5)**

Once the higher level system has been established, the organisation has to establish its purpose within it. Stephenson (2005:8) explains that sub-systems or components knowingly or unknowingly interact or play a part in achieving the organisations objective. It is important to note that these sub-systems and inter relationships should be designed and organised in a manner in which the organisations purpose is achieved. Lin (2013: 6) maintains that all successful living systems are open systems and information and resources flow across them whereas closed systems do not interact with each other.

NEXT HIGHER LEVEL SYSTEM

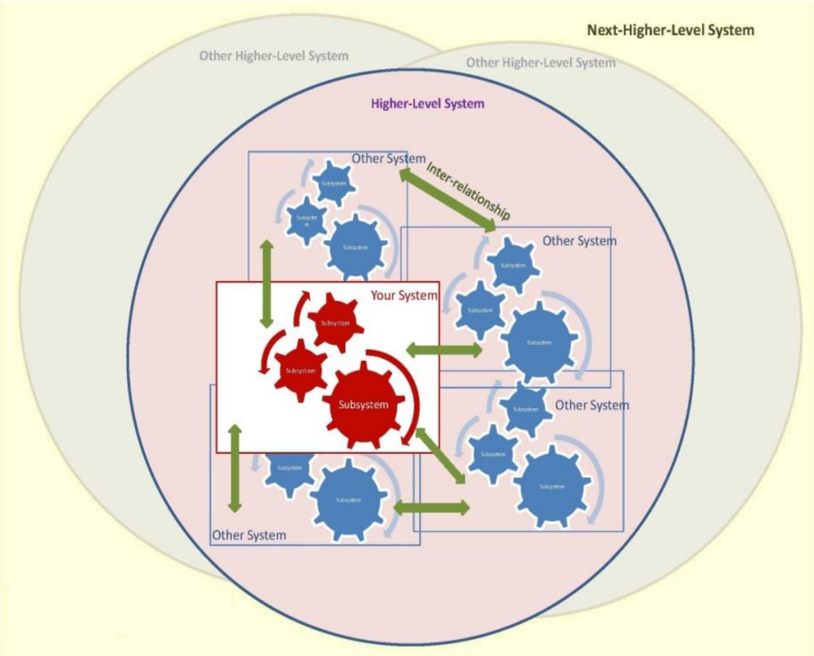


Figure 2.5 ***Next higher level system*** **(Lin 2013: 6)**

Ultimately, each department within the non-profit organisation needs to view itself as part of a subsystem and determine its role to successfully achieve the organisations overall purpose. The systems theory should therefore be applied to the management and leadership of the organisation. This will ensure that it becomes a high performing organisation.

2.16 OVERVIEW OF THE SOUTH AFRICAN NON-PROFIT SECTOR

Prior to the 20th century, there were no organised social services in South Africa. The Carnegie Poor White Investigation Report which was submitted just before World War 2 recommended that a sector be created to coordinate social welfare activities. This led to the Department of Social Welfare being established in 1937. During the course of World War 2, active fundraising took place and it was advised that some of these initiatives be controlled by the government. This gave rise to the Welfare Organisations Act 40 of 1947, followed by the Welfare Act 79 of 1975 which created a regional and national Welfare Board (David 2013: 1).

Jacana Media (2012: 9) asserts that in South Africa, non-profit organisations were vocal and active players in the struggle against apartheid. During the apartheid era, non-profit organisations played a key role in mitigating the effects of apartheid’s unequal development. During South Africa’s transition period, these organisations continued to engage and influence the drafting of the new constitution, with the primary focus of moving towards improving service delivery. In the period after 1994, the non-profit sector enjoyed increased levels of freedom and was allowed the opportunity by the government to engage with and influence National and Provincial policies and to shape the manner in which service delivery is to be implemented. These new opportunities allowed South Africa to be worth R13.2 billion in 1998 in terms of size and economic significance to the non-profit sector.

The Non-profit Organisations Act of 1997 came into operation in September 1998. According to the Department of Social Development (2009: 31) the main aim of the act was to: Create an enabling environment for non-profit organisations; set and maintain adequate standards of governance and ensure accountability and transparency. The NPO Act made provisions for the establishment of a Directorate for non-profit organisations within the Department of Social Development. This Directorate is responsible for facilitating processes for developing and implementing policies as well as programmes. Table 2.1 outlines the legislation that governs the civil society sector.

LEGISLATION	PURPOSE
The Non-profit Organisation Act of 1997	This Act provides a facility for the voluntary registration of non-profit organisations. The registration process for these organisations become more streamline, simpler and more cost effective than the registration processes associated with Section 21 company, a voluntary association or a trust.
Companies Act, 2008	This Act makes a provision for the registration of Section 21, Companies.
Trust Property Control Act of 1998	This Act makes it possible for organisations to register a Trust with the Master of the Court Office in their district, governed by the Department of Justice.
Common law relating to voluntary associations	In terms of common law, three or more unrelated or unconnected people can agree to establish a voluntary association either by written or a verbal agreement.

Table 2.1 Legislation of Civil Society (Department of Social Development 2009: 29)

The Department of Social Development further issued a *Code of Good Practice* to assist the non-profit organisations to maintain such standards. The Department of Social Development (2009: 34) indicates that the code of good practice was designed to strengthen the provisions of the non-profit organisations act. In addition, these codes were developed through extensive consultations with many national and provincial non-profit organisations as well as community based organisations. These codes are intended to serve as a guideline to all non-profit organisations to ensure that an environment is created for non-profit organisations in which they can be productive. Non-profit organisations should also be encouraged to be responsible for ensuring that they respond to and maintain high standards of practice in good governance, effective management, optimisation of resources, successful fundraising and developing productive relationships with stakeholders, donors and beneficiaries, administration and ethical behaviour.

According to Jacana Media (2012: 15-17) the codes of good practice are further divided into three distinct codes. The first code focuses on leadership roles and responsibilities of the governing body and the staff of the non-profit organisation. Responsibility and accountability applies to all non-profit organisations irrespective of their size and activities. The CEO of the non-profit organisation is responsible for leading the implementation of the organisations programmes as well as the financial and human resources.

The second code, fundraising and resource mobilisation is amongst one of the most important responsibilities as sustainable funding is the key to sustain work in the organisation. Close attention has to be paid to the clarity of the organisations mission, planning, and effective internal and external communication, investing in growth and building relationships with the community, its supporters and maintaining good relations with their funders.

The final code describes the roles and responsibilities of donors and sponsors. It serves as a guide to all donors and sponsors including foreign, corporate trust, foundations and individual donors. In addition, it acknowledges the rights of donors and seeks to ensure that giving is sensitive to the South African context and contributes to the greater good.

The Department of Social Development (2005: 16) mentions that within South Africa a diverse range of non-profit organisations exists. Gauteng province has the most number of registered non-profit organisations at 32% followed by Kwa-Zulu Natal with 20%. The Northern Cape has the less number of NPOs with 2%. The table below indicates the number of non-profit organisations operating in different sectors within South Africa

Sector representation of non-profit organisations in South Africa

SECTOR	NUMBER OF NPOS
Business and Professional Associations, Unions	518
Culture and Recreation	4504
Development and Housing	16817
Education and Research	6241
Environment	1036
Health	9145
International	63
Law, Advocacy, and Politics	1765
Philanthropic Intermediaries and Voluntarism Promotion	964
Religion	9856
Social Services	34130

Table: 2.2 ***Sector representation of non-profit organisations in South Africa***

2.17 SOUTH AFRICAN NON-PROFIT ORGANISATION STRUCTURE

The most effective organizational structure for a non-profit organisations depends on the mission that the non-profit organisation fulfils. The involvement of all employees play a role in determining the ideal organisational structure. Gautier (2013: 18) provides a typical structure for non-profit organisation. This is illustrated below.

Structure of non-profit organisation

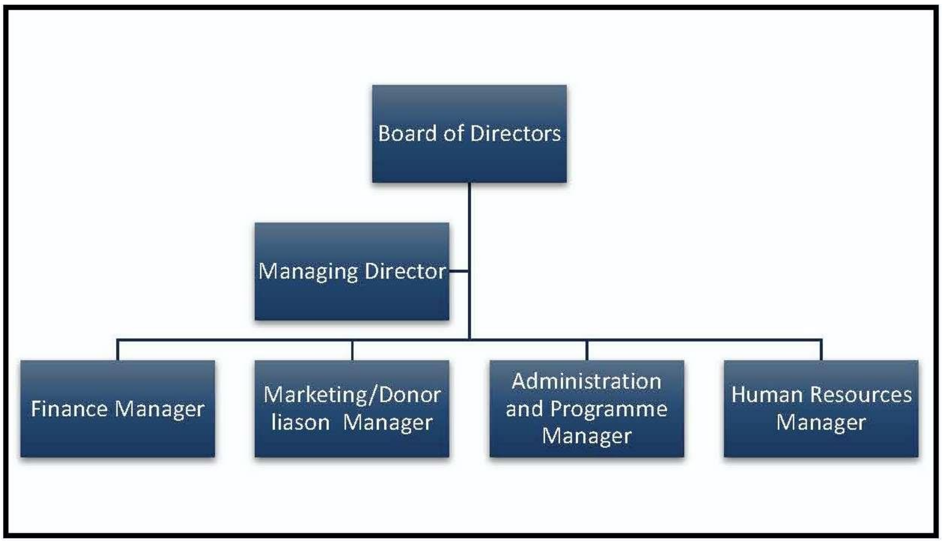


Figure 2.6 Structure of non-profit organisations (Gautier 2013: 15)

A brief outline of each of the positions presented in Figure is provided below:

Board of Directors - The board of directors operates the organization and is responsible for ensuring that the non-profit organisation fulfils its mission. Large boards can include a financial professional who can volunteer to keep the books, a lawyer who handles legal matters for free, marketing professionals who can contribute to the organization's fund-raising strategies and executives who can take on leadership roles. The board of directors is elected by the members of the organization and it elects its officers, such as president, vice president, secretary and treasurer (Department of Social Development 2005: 28).

Director - The Director is positioned below the Board of Director and above all managers. The Director is responsible for providing a range of duties similar to those of chief executive officers in corporate businesses.

Managers- Positioned under the Director are various managers who are responsible for carrying out the work of the non-profit organisation. Some may be created by bylaws while the board of directors can create others for specific tasks. The Finance Manager keeps track of the money situation of the organization. The Marketing Manager together with the Programme manager coordinates events, mailings, appeals, etc., which are aimed at raising money for the organisation. Lastly the Human Resource manager is responsible for the employment of individuals within the non-profit organisation as well as recruiting volunteers for events and other ad hoc members (Gautier 2013: 16).

Nicholas (2003: 12) mentions that the structure of a non-profit organisation will vary depending on the number of services that the non-profit organisations offers, the number of employees and most importantly the financial capacity of the non-profit organisation. The Provincial Department of Social Development assists non-profit organizations with funding. The following steps need to be followed in applying for the available funding, a service plan must be submitted to the nearest regional office; proof of registration in terms of the NPO Act; the constitution of the organisation and letter of assurance that the organisation implements effective, efficient and transparent financial management and internal control systems.

2.18 HOW DOES NON-PROFIT ORGANISATIONS BENEFIT ITS RECIPIENTS?

According to Larson and Kinnuren (2007: 16) on-profit organizations do contribute in several areas of society and economy without any profit motto. A Non-profit organization is known for their social welfare at community, nation and even at international level. They pick up the areas those are not covered by the State/Government or where State does not have departments or provisions. Usually non-profit organizations are more aggressive and efficient in their performance because usually the experienced and dedicated people join together for the purpose. Non-profit organizations seek to create public good, foster community engagement and civic participation. They respond to community needs that may not always represent a for-profit market opportunity and may not be best served through a for-profit approach. Being increasingly interconnected and seeking to tackle shared challenges, non-profit organizations play an important role in our society and as the need for that role is growing.

The ability to mobilize and engage volunteers, other nonprofits, businesses, and government agencies is an essential skill for nonprofits seeking to address the root causes of problems and bring about long-term change. Itoh (2003: 5) explains that building awareness and support among key audiences and bringing more people and resources to the table are essential to change. All non-profit organisations need to be equipped with the, staff skilled in working with government or advocating for policy change; a willingness to partner with businesses to stretch their influence; the capacity to inspire and engage volunteers and constituents/members as passionate partners and spokespersons; a willingness to partner with other nonprofits working to address the same issues, regarding those groups as allies not competitors and a commitment to sharing leadership with staff, volunteers, and constituents/members to empower more people to make impact

Image and reputation are other additional factors that build awareness and support for non-profit organisations (Dimitrov 2009 18). These aspects are influential intangible resources in organisations because the two concepts reflect the knowledge that external stakeholders hold about the organisations. Delport *et al.* (2010: 22) argue that 'image is the mental picture of an organisation held by its audiences in other words what comes to mind when one sees or hears the corporate name or sees its logo'. An image reflects a set of associations linked to a brand, symbol, logo or trademark which the organisation promotes to its external stakeholders, however accurate or inaccurate that image may be. It relates to external stakeholders' current knowledge, feelings and beliefs about an organisation. David (2010: 13) provides the example of the logo of Ronald McDonald House Charities, which incorporates the image of the gloved hand of the Ronald McDonald clown, complete with the McDonald's golden '*M*', holding a child's hand, reflects the close relationship between the two organisations.

Ronald McDonald House Charities

Figure 2.7 Ronald McDonald House Charities (David 2010: 13)

David (2010: 13) argues that the image illustrated in figure 2.7 is frequently promoted in the McDonald's restaurants or activities. Thus, the image of Ronald McDonald House Charities is reinforced in the mind of the general public through a relatively low-cost channel. As a result, the general public is more aware of the important role that that this organisations has in the society; that is to continuously support families of seriously ill children to stay close to hospitals where their children are being cared for. The image of the close relationship between the two organisations also allows Ronald McDonald House Charities to tap into important human and financial resources from McDonald's. Every member of McDonald's, from the CEO, to owner/operators and junior restaurant staff, is educated in the vital work that Ronald McDonald House Charities carries out and encouraged to help out in any way they can.

It is important to note that what ultimately makes a difference is the feelings and beliefs about an organisation that exist in the minds of external stakeholders because how the organisation is perceived will influence external stakeholders' disposition, their readiness to be involved in the organisation's activities or even to seek work there. In the case of non-profit organisations, it may mean the ability to attract potential clients, employees, volunteers, public donations and partnerships (Dimitrov 2009: 18). Thus the external stakeholders' perception of a non-profit organisation's image may help to sustain valuable resources in the organisation. As a result, an image is essential to non-profit organisations because if the non-profit organisations can project a favourable image to their external stakeholders, it may enable the organisation to attract resources more effectively.

2.19 STAKEHOLDERS FOR NON-PROFIT ORGANISATIONS

Apaydin (2011: 23) mentions that non-profit organizations keep looking for the areas of social welfare that is not fully attended, and they come up to serve in these areas. In other way you can say that person or group of person with dedication to help others, improve other lives organize themselves as a non-profit corporation and contribute their efforts. Non-profit organisations are often constrained by the lack of marketing research about the client or customer. Information about who the clients are, where they are, when they are most likely to access the service, why they would access the service and what it is they got out of the service is essential to fulfilling their needs and is most often not available. Most non-profit organisations react to the market rather than actively seeking out people who might need the service. Novatrov (2010: 15) states that most stakeholders of the non-profit organisations are often unwilling to discuss taboo topics. For example, in the field of family planning, sex and its consequences is an issue most people are reluctant to discuss when starting out - the time they need information the most. There is usually a sense of ‘it won’t happen to me’ about social issues that make it difficult to attract people to them. Some people would feel that seeking education about a ‘natural’ process is unnecessary and unless you can convince them otherwise, they will not assimilate any of the information. Taboo topics also change with the culture of a country. Many reasonable suggestions for socially responsible behaviour fall on deaf ears in Africa and Asia because they are couched in ‘Western’ terms that are culturally inappropriate.

Nicholas (2003: 11) mentions that in non-profit organisation, the lines between recipients and other stakeholders are blurred. Recipients do not necessarily have to pay for a service to be able to use it. The stakeholder market also includes donors. At times, there will be a number of stakeholder markets, each with its own priorities. Stetzer (2007: 22) through figure 2.8 highlights the various stakeholders which benefit from non-profit organisations.

The circles of commitment

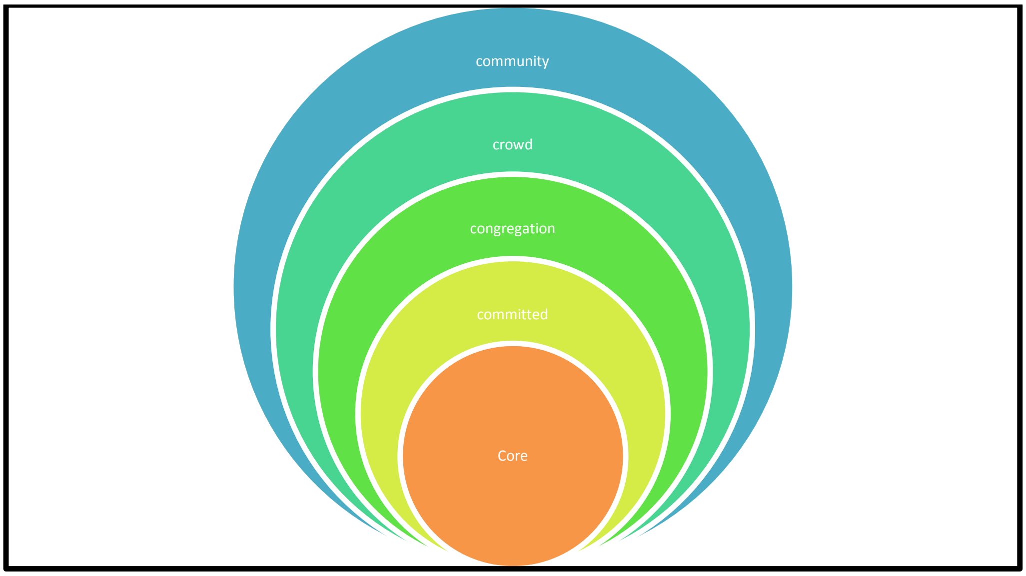


Figure 2.8 The circles of commitment (Stetzer 2007: 22)

Each of the aspects illustrated in figure 2.8 will be briefly explained below.

The community: the community according to the Figure 2.8 above is the starting point. This circle is considered the largest circle because it contains the most people. People within the community need to be attracted to what the non-profit organisations offers, have their needs met, be convinced that the non-profit organisation can assist them.

The Crowd: the crowd includes those people that visit the non-profit organisations for services or information. The crowd is not much of a commitment, but at least it is something one can build on

The Congregation: this includes the official members (employees) of the non-profit organisation. These employees are committed to the non-profit organisation and its purpose. The congregation is considered as a critical commitment, not just a matter of believing, and includes belonging.

The committed: According to Stetzer (2007: 23) the starting point of this perspective is to recognise the central roles of identity, commitment, and integrity in stakeholder behaviour. These individuals depend on the services offered by the non-profit organisations.

The Core: the "Core" is the smallest group that represents the deepest level of commitment. The core is the dedicated minority of workers and leaders, those who are committed to the non-profit organisations.

In addition, Payne *et al.* (2005: 857) states that from a stakeholder's point of view, relationship marketing can provide the following benefits: Relationship Marketing allows personalized marketing, which deals with direct one-to-one interactions between the organisations and its recipients. One of the great benefits of interactive marketing is that the stakeholders are in better positions to tell the non-profit organisations what they want. Non-profit organisations to match stakeholders with similar needs, tastes, and interests. Non-profit organisations can use this experience, which is not available to individual customers, to anticipate what may appeal to an individual.

Relationship marketing allows stakeholders to receive relevant Information: An effective Relationship Marketing program provides customers with sufficient information to empower them to make the correct choices. The benefits that stakeholders can obtain from these stable relationships may centre, for example, on an increase in confidence, the reduction of risk, economic advantages, the simplification of and an increase of efficiency in the decision process, social benefits and adaptability.

Building relationships with these stakeholders is of utmost importance to the non-profit organizations. Relationships will enable the non-profit organisation to attract a wider range of recipients, funders and volunteers and ultimately highlight the services being offered, promotional programmes and attract more donors.

2.20 THE FUTURE OF NON-PROFIT ORGANISATIONS

A wide range of factors including globalisation, economic crisis and rapid technological developments are changing what non-profits are called upon to do and how these institutions will accomplish their work in the future. Rowe and Dato-on (2013:7) explain that it is essential that non-profit organisations *Act Bigger and Adapt Better* to match the ever-changing environment within which they operate.

Figure 2.9 illustrates how non-profit organisations influence and are influenced by the world around them.

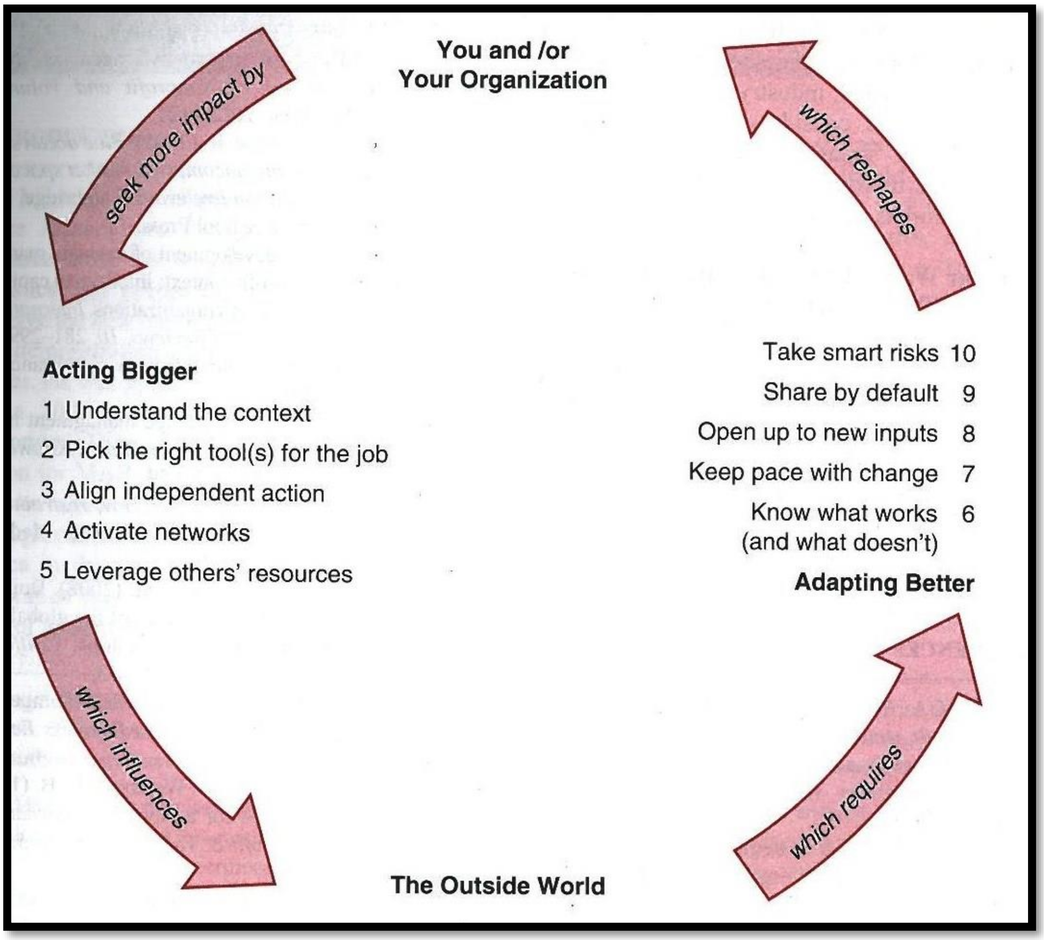


Figure 2.9 ***Act Bigger and Adapt Better*** **(Rowe and Dato-on 2012: 7)**

Figure 2.9 indicates five ways of acting bigger and five approaches to adapting better. The growth of non-profit organisations is global and diverse. There are now more individual donors, more foundations, community based organisations and more socially responsible businesses (Ajzen and Cote 2008: 8). Individuals working in such environments might not be optimal and therefore collaboration is important. Rowe and Dato -on (2013: 5) describe the Acting Bigger Elements as *understand the context*, non-profit organisations should develop a shared understanding of the system in which they operate. This is therefore critical in helping funders build and coordinate resources to address large complex problems; *pick the right tool(s) for the job*, non-profit organisations have a wide range of assets including money, knowledge, networks, expertise and influence which can be applied to create social change; *align independent action*, non-profit organisations should develop new models for working together. This will allow for both coordination and independence; *activate networks*, a collective impact of all stakeholders within the non-profit organisation can produce significant change and *Leverage other resources*, non-profit organisations can use their independent resources as levers to catalyse larger streams of funding from other sources. This can be achieved by stimulating markets, influencing public opinion and policy and activating new players and assets.

Non-profit organisations will succeed rapidly in the ever changing environments if they continuously improve their ability to learn, shift and adapt. Rowe and Dato -on (2013: 10) further describe the Adapting Better Elements as *Know what works,* non-profit organisations are required to develop a system to learn from their successes and their failures. This can be used as a guide and improve future efforts; *Keep pace with change*, feedback loops can assist the non-profit organisation change and shift behaviour patterns based on the dynamic realities and lessons learned in real time; o*pen up to new inputs,* new tools and approaches now allow donors from diverse cultures and perspectives to share feedback and contribute ideas to the non-profit organisation; *share by default,* the non-profit organisation should reflect on their work and convey their lessons to others. Collaboration is essential for success and *Take smart risks,* the most effective non-profit organisation will recognise innovation and be willing to make high-risk decision that have the potential to create positive change. Figure 2.6 (Acting Bigger and Adapting Better) therefore represents a set of practices that will enable non-profit organisations to become more powerful and transformative as well as implement positive social change.

2.21 CONCLUSION

This chapter has assessed the different types of organisations that exist and in particular it has focused on the non-profit sector. As discussed, the non-profit sector plays a key role in society, however, to survive in this competitive environment, they are required to possess sufficient resources and be able to cope with the environmental demands. Rowe and Dato -on (2013: 8) explains that non-profit organisations should develop and adopt strategies that will enhance their business performance to address this growing difficulty faced by non-profit organisations. Clearly (2003: 2), suggests that non-profit organisations adopt marketing activities into their business practices. The concept of marketing will therefore be discussed in the next chapter.

CHAPTER THREE

RELATIONSHIP MARKETING

3.1 INTRODUCTION

The market place today has become very dynamic, vibrant and competitive. Nowadays business markets are characterised by saturated markets caused by the ever growing competitiveness between organisations, and the newly found appreciation for satisfying the customer's needs. The key to survival relies on sustaining long-term relationships with the organisations key stakeholders. Non-profits rely heavily on funding and donations from organisations and individuals, therefore it is imperative that they focus on strengthening their relationships with key stakeholders and this can be achieved through relationship marketing. The essence of this chapter is in understanding the concept of marketing and its application to non-profit organisation and to determine whether relationship marketing practices can assist non-profit organisations. This chapter reviews the concepts associated with transactional marketing and relationship marketing. In addition, the use of communication tools to establish and maintain relationships are assessed.

3.2 MARKETING AT NON-PROFIT ORGANISATIONS

Apaydin (2011: 195) explains that for-profit organisations have been exploiting the concept of marketing for many years, however, non-profit organisations have only recently begun understanding the importance of implementing such a concept. With non-profit organisations facing immense challenges such as fluctuating economies, decline in direct donations and government support and with the growing number of non-profit organisations seeking financial contributions, it is quite obvious that all non-profit organisations need to actively employ the use of marketing and become quite creative in promoting themselves.

In employing such techniques, organisations will be able to attract new individuals, donors, volunteers, sponsors and even new stakeholders. The notion of implementing marketing strategies to non-profit organisations was introduced decades ago by researchers including "Kotler and Levy", "Kotler and Zaltman" and "Shapiro". Research articles presented by these authors indicate that marketing is a "Pervasive societal activity" which goes beyond selling of a product (Novatorav 2010: 148). Hollensen (2010: 9) explains that marketing involves a process that focuses on delivering value and benefits to their customers, not just sell goods or services. Hollensen (2010:9) further states that marketing utilises communication, distribution and pricing strategies which provide customers and other stakeholders with goods, services and benefits that they desire when they want and where they want it.

3.3 CONCEPT OF MARKETING

Ok (2000:5) postulates that marketing is often regarded as an exchange process. This informs us that the marketing process will involve at least two individuals, and in a business sense this could be the buyer and the seller. Apaydin (2011: 196) defines marketing as a process of planning and executing the concept of pricing, promotion and distribution of ideas goods and services to create exchanges that satisfy individual and organisational goals, whereas Kotler and Armstrong (2010: 19) states that marketing is a process by which firms create value for customers and build strong relationships in order to capture value from customers in return. Both explanations deem marketing as a process of not just telling and selling but rather as a process of understanding and satisfying the needs and wants of the selected customers more efficiently and effectively. Stemming from this, Novatorav (2010: 150) explains that non-profit marketing refers to the analysis, planning, implementation and evaluation of non-profit services, designed to facilitate reciprocative arrangements within a community or target publics that were established by a grant-givers and expedited by qualified personnel who are committed to pursuing the designed mission of the non-profit organisation. This suggests that the duty of the manager of the non-profit organisation is to accept the mission and objectives set and effectively plan to achieve the goals set. This can only be achieved if the manager shifts from and an organisational philosophy to that of a marketing philosophy.

3.4 SHIFTING FROM AN ORGANISATION PHILOSPHY TO MARKETING PHILOSOPHY

Blythe (2009: 44) explains that for marketing activities to be successfully carried out a marketing strategy is essential. This strategy will identify the direction, objectives, and activities for the organisation as well as its employees. In addition, the non-profit organisation is required to shift its focus from an organisational philosophy to a market/customer centred approach. This statement shows us that the customer plays a key role in any organisation and therefore should be placed at the centre of all operations of an organisation. Ok (2000: 7-8) states that to successfully incorporate that marketing mind-set, the organisational philosophy should be based on three major propositions namely: client orientation, co-ordination of client related activities and goal direction.

Client Orientation

Non-profit organisations need to shift their ideals from an internal organisational perspective to that of understanding the needs, wants, attitudes and behaviour patterns of their stakeholders. Ultimately all organisations, including non-profits, exist to serve the needs of its target market. Table 3.1 highlights how non-profit organisations can re-define their orientation to their stakeholder’s perspectives.

Table 3.1: Organisational Orientation versus Marketing Orientation

	NON-PROFIT ORGANISATION	ORGANISATIONAL ORIENTATION	MAKRETING ORIENTATION
1	Urban transit authority	We run a bus system	We provide transportation services
2	Art Museum	We display art objects	We provide an artistic experience.
3	Child-care Centre	We take care of children	We provide security for your children.
4	Community Theatre	We put on plays	We offer entertainment.
5	Family planning centre	We give family planning information	We offer solutions to your family planning problems.

Table 3.1: ***Organisational Orientation versus Marketing Orientation*** **(Ok 2000: 9)**

Co-ordination of client related activities

For marketing to be successful there must be co-ordination between all elements of the marketing programme. These elements are known as the marketing mix. The elements within the marketing mix are inter-related and should be viewed and planned as a whole.

Goal direction

The marketing concept stresses that the only way an organisation can achieve its own goals is by satisfying the needs of their clients efficiently and effectively.

3.5 KEY CONCEPTS OF NON-PROFIT MARKETING

Du plessis, Van Heerdan and Cook (2010: 44) explain that the key to successfully implementing marketing activities is to understand the basic concepts of marketing. These include the market, competition and the marketing mix.

3.5.1 The Market

Polonsky, Lefroy, Garma and Chia (2011: 44) explain that a market refers to a group of people or organisations who need or share a common problem. The commonality that they share requires them to seek products or services to satisfy or resolve their problem, e.g. there are very few people who have not been affected in some way by the impact of air pollution, and non-profit organisations for environment conservation will receive interest from the public for their awareness programmes.

3.5.2 Competition

Apaydin (2011: 420) asserts that competition has become an important concern for many non-profit organisations. A marketer can face up to four major types of competition when attempting to serve a target market which includes desire competitors, generic competitors, service competitors and enterprise competitors. Polonsky *et al*. (2011: 45) explain that competitors should not be viewed negatively, but rather as a tool that can sharpen organisations skills and allow the organisation to gain a competitive advantage.

3.5.3 Marketing Mix

Fahy and Jobber (2012: 18) explain that the marketing mix is a combination of elements which include product, place, price and promotion, commonly known as the 4P's of marketing. Each of these elements will be discussed further on in this chapter.

3.6 UNIQUE ASPECTS TO NON-PROFIT MARKETING

Ok (2000: 11) asserts that marketing can be uniquely applied to the non-profit sector. To successfully implement this concept, aspects including multiple publics, multiple objectives, products and service and public scrutiny need to be understood. These aspects are further elaborated on below.

3.6.1 Multiple publics

Pente (2010: 1) informs that many publics can be associated with non-profit organisations. These include the internal publics (staff and volunteers), input publics (donors and suppliers), intermediary publics (agents and facilitators) and consuming publics (customers and local residents).

3.6.2 Multiple objectives

Due to multiple publics being served, multiple objectives must be set. Some objectives may be interlinked. Ok (2000: 13) further explains that with non-profit organisations the process of setting objectives is not easy. It involves compromise and consensus building which has to involve all internal stakeholders; this includes staff, board members and volunteers.

3.6.3 Products and Services

The products of non-profit organisations are predominantly services. Lamb, Hair and McDaniel (2013: 8) explain that non-profit marketing involves the marketing of people (politicians and entertainers), places (museums), ideas (right to life, safe driving) and organisations. For these services to be rendered effectively the non-profit organisation and its target publics need to interact at the same time at the same place.

3.6.4 Public scrutiny

Non-profit organisations provide a vital service to society. Stetzer (2007:2) explains that non-profit organisations are funded by private stakeholders or even the government; hence their activities are closely monitored by their funders and the general public.

Buttle (2002: 1) maintains that marketing can no longer be restricted to developing, selling and delivering of products, but has progressed over the years becoming more concerned with the development and maintenance of mutually satisfying long-term relationships with its stakeholders. Gummesson (2002: 3) reports on the evolution of marketing which is presented in Table 3.2.

EVOLUTION OF MARKETING

Year	Market Gendre	Definition
1950	Mass market	Mass marketing is a market coverage strategy in which a firm decides to ignore market segment differences and appeal to the whole market with one offer or one strategy
1970	Market segment	Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of consumers who have common needs and priorities, and then designing and implementing strategies to target them.
1990	Personalised market	Also referred to as one-to-one marketing, it refers to marketing strategies applied directly to a specific consumer.

Table 3.2 ***Marketing Evolution*** **(Gummesson 2003:3)**

Table 3.2 highlights the progression of marketing over the years and therefore provides the assumptions that by providing personalised services an organisation can enjoy a unique and sustained competitive advantage. Gummesson (2011:5) relates that apart from professional knowledge, developing and maintaining a network of relationships is integral for the sustainability and profitability of an organisation. The examples provided by Groonroos (in Gumesson 2011: 4-5) tells of a rice merchant who developed a rice business and later went on to become the local market leader in this business. This was achieved by implementing relationship marketing. Another individual was not a marketing scholar but had the practical experience from working as a milkman. He went on to adopt the concept of cultivated relationships. From starting out as a milkman, this individual went on to build four dairy product stores operating in New York, all known for its service excellence and cultivated relationships.

Based on these experiences, one is led to realise that relationships are part of human nature. They are timeless and interdependent of culture and should be integrated into every type and size of an organisation. Gummesson (2002: 9) further asserts that relationships are at the core of human behaviour. Should the social network of relationship marketing be distorted, the earlier will be left with a bunch of hermits and therefore no marketing will be needed. We are surrounded by people generations and relationships in daily lives. Relationships are central for business practices.

3.7 THE FUNDAMENTAL PRINCIPLE OF RELATIONSHIP MARKETING

Christopher, Payne and Ballantyne (2003: 4) suggest that there are a number of characteristics which distinguishes relationship marketing from the early marketing frameworks.

The first emphasises extending the "life time value" of customers by implementing strategies which will focus on the retention of the target market. The second is the recognition that organisations need to forge relationships with many stakeholders should they wish to achieve long-term success. The third is that marketing has moved from being the sole responsibility of the marketing department to becoming cross functional. Buttle (2002: 5) explains that, conventionally marketing was solely structured around the customer, however, relationship marketing allows organisations to successfully compete and retain profitable customers. Marketers are required to practice relationship marketing in multiple domains. Other markets include employees, suppliers, influencers, distributers and alliance partners.

Jacana Media (2012: 10-14) informs that the Economist Intelligence Unit (EIU) conducted a survey in 2008 with 141 senior international business executives. The survey revealed that internal relationship networks will facilitate the creation and spread of knowledge and innovation within an organisation thus targeting key decision makers in a value chain becomes a key priority as well as managing relationships across supply chains will be critical.

Intelligence systems will provide instant access to latest research which will assist non-profit organisation to develop and tap into relationships across different cultures. The integration of social media including Blogs, Micro-sites, Webcasts and digital channels will have the potential to empower customers and affect the way relationships are managed.

These trends indicate that an organisation's key focus is on the relationship element with the inclusion of customer experiences and ideas being valued. Change will be ongoing, however, customers will expect maximum control of the relationship.

3.8 COMPARISON BETWEEN TRADITIONAL MARKETING AND RELATIONSHIP MARKETING

According to Christopher *et al*. (2003: 3) transactional marketing is a business strategy that focuses on "single point of sale" transactions. The emphasis is on maximising the volume of the individual sales rather than developing a relationship with the buyer, whereas relationship marketing is a business strategy that seeks to establish long term relationships with its customers rather than focusing on a single transaction. Table 3.3 depicts the differences between transactional and relationship marketing as identified by Egan (2011: 39).

Transactional Marketing	**Relationship Marketing**
Orientation to single sales.	orientation to customer retention
Discontinue customer contact	continue customer contact
Focus on product feature	focus on customer value
Short term scale	long-term scale
Little emphasis on customer service	high emphasis on customer service
Limited commitment on meeting customer expectations	high commitment to meeting customer expectations
Quality is the main concern of production staff	Quality becomes the main concern of all staff.

Table 3.3 ***Differences between transactional and relationship marketing*** **(Egan 2011: 39)**

Although a clear definition of relationship marketing may be coming more evident, it is imperative that the actual meaning of the term be understood. Buttle (2003: 11), explains that despite considerable academic research, relationship marketing is still concerned more a general "umbrella philosophy" with numerous relational variations, rather than a unified concept. Harker (in Hunt *et al.* 2006: 73) explains that at the time of writing 28 substantial definitions were found, where as Dann and Dann (in Harwood *et al*. 2008: 5) suggested that there are nearly 50 published definitions in this subject. To further confuse matters, other terms have been frequently used as substitutes for relationship marketing or to describe similar concepts. These include concepts such as direct marketing, data base marketing, customer relationship marketing and integrated marketing.

Gordon in (Egan 2011: 34-35), explains that relationship marketing is not wholly interdependent but also draws on the traditional marketing principles. This insinuates that although the basic focus of satisfying the customers' needs still applies, change is required in the way marketing is practised. Gordini (2010: 1) articulates that marketing is a process responsible for identifying, anticipating and satisfying customer requirements profitably. This implies that the word PROCESS emphasises the various activities that are carried out presumably by the organisation's marketing department to identify, anticipate and satisfy the needs of their customers. The word PROFIT emphasises that these activities are carried out in a competitive manner. It is interesting to note that these definitions do not recognise the long-term value of the customers. Egan (2011: 35) has noted that Leonard Berry was amongst the first academics to introduce the term relationship marketing in 1983 as a modern marketing concept. Berry in Egan (2011: 35) suggested that this concept should recognise the value of enhancing customer relationships, suggesting that customer retention and development are of equal importance. This concept was taken a stage further by Sheth and Parvatiyar (2000:10) who suggested that "win-win" situations could be achieved through mutual exchanges of the fulfilled promises by all parties involved in the series of interactions over the lifetime of the relationship. Therefore this view portrays relationship marketing to be an ongoing process of identifying and creating new values with individual customers and then sharing the value benefits with them over the lifetime of the association. Delport, Mostert, Steyn and Klerk (2010: 291) assert that not all relationships are profitable. Some customers are more profitable than other and some are unprofitable to serve. Profitable customers should be selected and retained by reducing the appeal of other similar product offerings and dumping the unprofitable customers.

According to Gummesson (2005: 1) marketing is more than just a dyadic relationship between the buyer and seller, but rather a representation of the whole series of relationship networks and interactions. The term "interactions" suggest that all partners are in active contact with each other. Based on these assertions, Morgan and Hunt (1994: 22) maintain that relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges. Groonroos (Egan 2011: 36) however refined this definition and included its objectives. Relationship marketing therefore relates to identifying, establishing, maintaining, enhancing and when necessary terminating relationships with customers and this is done by mutual exchange and fulfilment of promises. The definition presented above seems most precise and has represented what most academics believed was to be the essence of relationship marketing. To further emphasise these assertions, Harwood *et al*. (2009: 11) explain that customer care and quality are dimensions which overlap within the marketing philosophy as the outcome of quality, service delivery and customer care is the development of relationships through interactions between key stakeholders. This is depicted in Figure 3.1.

The relationship marketing orientation

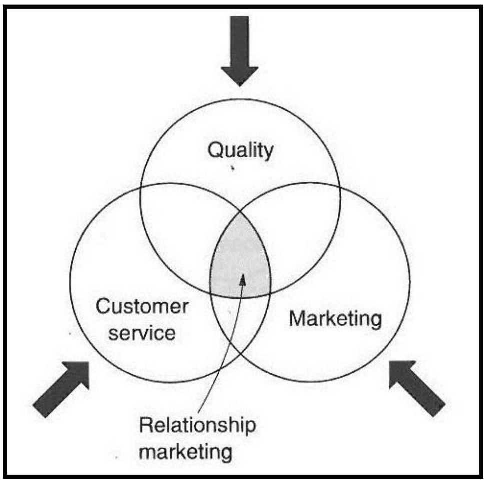


Figure 3.1 ***The relationship marketing orientation*** **(Harwood 2009:11)**

Lattimore, Baskin, Heiman and Toth (2011:327) assert that business customers prefer to have an on-going relationship with one organisation rather than switch continuously to similar organisations. The author further implies that the employees of an organisation play a pivotal role in successfully implementing relationship marketing strategies. The above clearly reflects that the internal stakeholders play an important part in maintaining relationships with the external stakeholders. Therefore the maintenance of effective relationships becomes pivotal for non-profit organisations. Christopher *et al*. (2003:8) explain the customer service is critically important in cementing relationships. Marketing is concerned with “exchange relationships” between the organisation and its customers whilst quality and customer service are key linkages in these relationships. Therefore figure 3.1 clearly depicts the manner in which these three areas are merged and integrated with relationship marketing.

3.9 SIX DIMENSIONS RELATED TO RELATIONSHIP MARKETING

As relationship marketing has evolved, marketers and academics have studied and applied this concept from different perspectives. Godson (2011: 9-10) has identified six dimensions related to relationship marketing. The first dimension indicates that relationship marketing seeks to create new value for customers and then share it with these customers. The second dimension implies that relationship marketing recognises the key role that customers have both as purchasers and in defining the value which they wish to receive. The third dimension highlights relationship marketing as a representation of the customer’s cooperative effort between buyers and seller whereas the fourth dimension indicates that relationship marketing businesses were seen to design and align processes, communication, technology and people in support of customer value. The fifth dimension explains that relationship marketing recognises the value of lifetime customers and the sixth dimension shows that relationship marketing aims to build a chain of relationships with the organisation, to create value for customers and between the organisation and its main stakeholders including suppliers, distributers, channels, intermediaries and shareholders.

Theory surrounding relationship marketing indicates that relationships add quality to marketing transactions. Mitchell in Egan (2011:41) states traditional markets are extremely powerful but they have huge limitations. Real human exchange is much richer than market exchange. Harwood *et al*. (2009: 24) claims that whenever people deal with people in relationships or communities, they not only exchange money for goods, but share ideas, opinions, information and insights. They have a say. They also tend to form affections, bonds and ties of loyalty, feelings of obligation etc. They begin to share and exchange value and are therefore able to form strong supportive bonds with other people. This section therefore suggests areas in which the implementation of relationship marketing can assist organisations, in particular non-profit organisations.

3.10 FORMING RELATIONSHIPS

Brink and Berndt (2011: 49) explain that in business-to business markets, relationships between the personnel of companies are explicitly recognised by both the buyer and the seller organisations and individuals within these organisations. These networks of relationships can at times develop into deeper friendships that may even supersede loyalty to his/her organisations.

In consumer markets, the premise is that building strong relationships will have a positive influence on exchange outcomes. Barnes and Howlett in Egan (2011: 49) express their views that there must be two characteristics for an exchange situation to be described as a relationship. The first characteristic requires that the relationship be mutually perceived to exist and is acknowledged as such by both parties and the second characteristic requires that the relationship goes beyond the occasional contact and is recognised as having some special status.

Harwood *et al*. (2009: 80) explains that an important element of good relationship development is service personnel (employees) and the service process. The role of the service personnel in an organisation is very broad, however, they are responsible for simultaneously operating at an external or internal level of relationship management. Buttle (2002: 60) explains that on a day to day basis employees are involved in communication, service process delivery, customer perception, engagement and satisfaction. This concurs with Harwood *et al*. (2009: 88) assertion that personnel do play a key role in relationship development. The service process can be described as the blue print for developing good service interaction and delivery. Hoffman and Bateson 2002 (in Harwood *et al*. 2009: 92) highlight the following as essential processes; the backstage area (which is internal); the front stage area (where service operations are visible to customers); and the interactive area (where service providers and customers interact directly). In addition the customer expects the service personnel to possess professionalism and skills, have a positive attitude and behaviour and be reliable and trustworthy.

The literature provided is an indication that both the visible and invisible elements that arise in the service delivery area play an important role in the development of relationships. It is also evident that relationship marketing is concerned with people, process and interactions between and with the organisation and market. A level of understanding and knowledge is therefore required to exist between and amongst parties involved.

Nonaka and Takeuchi's (in Harwood *et al.* 2009:146) identify four stages of knowledge management: The first stage is socialisation where colleagues working together share information about practices and develops skills as a consequence. This is regarded as a learned behaviour. The second stage is externalisation where colleagues develop a language around their behaviours. The information is passed through a story telling approach during which general idea and principles are shared. Combination is the third stage where knowledge is formally combined with other knowledge and disseminated through reports and emails and Internalization is the fourth stage where learning is done until knowledge is absorbed. This process continues with each cycle thereby spreading the knowledge. Relationship marketing has been highlighted as a long-term initiative and as a consequence there is an accumulation of data, information and knowledge. This is used to facilitate exchanges for a greater competitive edge. Brink and Berndt (2011:55) highlight that competitive advantage is what makes an organisation different from its competitors and is regarded as an organizations core competence. Relationship marketing therefore assists an organisation in gaining competitive advantage.

3.11 BENEFITS OF RELATIONSHIP MARKETING

Little and Marandi (2006: 33) explain that relationship marketing can be regarded as the best way to retain customers in the long run. This can be achieved by adding value for customers and in doing so gain a competitive advantage in an increasingly competitive world. Bejou (in Little and Marandi) assert that loyal customers created through relationship marketing are more likely to respond favourably.

Advantages of Relationship marketing

Hollenson (2010: 68-73) Minimal funds are spent on advertising and personal selling for loyal customers as opposed to acquiring new customers. Loyal customers are committed and are able to divulge great deals of information about themselves to the organisation. Trust develops between the organisation and the customer. A committed customer will stay with their preferred organisation rather than switching to competitors.

Disadvantages of Relationship marketing

Relationships are subject to continuous change especially with an uncertain future. This results in the loss of control over resources, activities and intentions. Effort is required to build and maintain a relationship and there is always a need to prioritise the use of limited resources.

Based on the advantages and disadvantages listed above, it is clear that engaging in a relationship requires time, cost and effort from both parties involved. It is therefore imperative that the costs are weighed against the gains before entering into relationships.

3.12 CATEGORISING RELATIONSHIPS

Harwood *et al*. (2009: 51) explain that there are a number of variations in the types of relationships which exist between a buyer and a seller. Discussed below are various relationship criteria and an insight into how they impact upon relationship strategy development.

3.12. 1. Organisational / Brand relationship

Research suggests that relationships have a greater impact on customer loyalty when the target of the relationship is an individual person and when customers perceive greater relationship benefit when engaged in a relationship with a high personal contact. Egan (2011: 50- 51) explains that bonding must exist independent of a company's employees, between the customer and that organisation and this is referred to as embedded knowledge. Gummesson (2000: 6) further purports that if an employee leaves that organisations, then the "human element" is lost. From a relationship marketing perspective structural capital consists of relationships that have been made with the company and the more successful a company is in tying relationships to its structure, the less dependent it is on individual employees. Brink and Berndt (2011:68) states that a customer will continue to frequent the organisation for reputational reasons. Therefore based on the recognition of embedded knowledge and reputational effects, it may be suggested that organisational relationships are a possible prelude to a /or as a mediating factor in the establishment of interpersonal, no-personal business relationship.

3.12.2. Brand Communities

Relationships can also be developed with brands. Egan (2011:51) explains that there is evidence that supports the contention that brand communities, brand tribes or brand sub-cultures are able to relate to communities and join together allegiance to that particular brand. Cadbury has 270 000 fans on their Whisper Facebook page, making it amongst the largest brand companies in the United Kingdom. This implies that these groups have a strong degree of awareness and a sense of obligation towards the brand community, hence, brands possess the ability to act as surrogates around which relationships are formed.

3.12.3. Learning Relationships

Peppers and Rogers (2000:244) explain that relationships are part of a knowledge generation process. They further suggest that relationships are built on knowledge and purpose that when customers tell an organisation something about themselves then it is the responsibility of the organisation to customise its offerings for those customers. Brink and Berndt (2011: 55) support these statements and explain that when the customer and the organisation first interact, a relationship is formed. The more a customer tells an organisation, the more valuable they become, provided that the organisation adapts to their specific needs. Palmatier, *et al*. (2006: 149) reports that as customers interact more frequently with sellers, they appear to gain more information which reduces uncertainty and improves their trust. This learning relationship improves with every interaction. Relationship learning can therefore be seen as an important way to create competitive advantage.

3.12.4. Motivational investments

Brink and Berndt (2011: 55) suggest that the type of relationship that develops between a supplier and a customer is determined by the different amounts of motivational investments that the buyers and sellers are prepared to commit to a relationship. Egan (2011:53) indicates four types of active relationships which are depicted in the Figure 3.2. The four concepts are explained below.

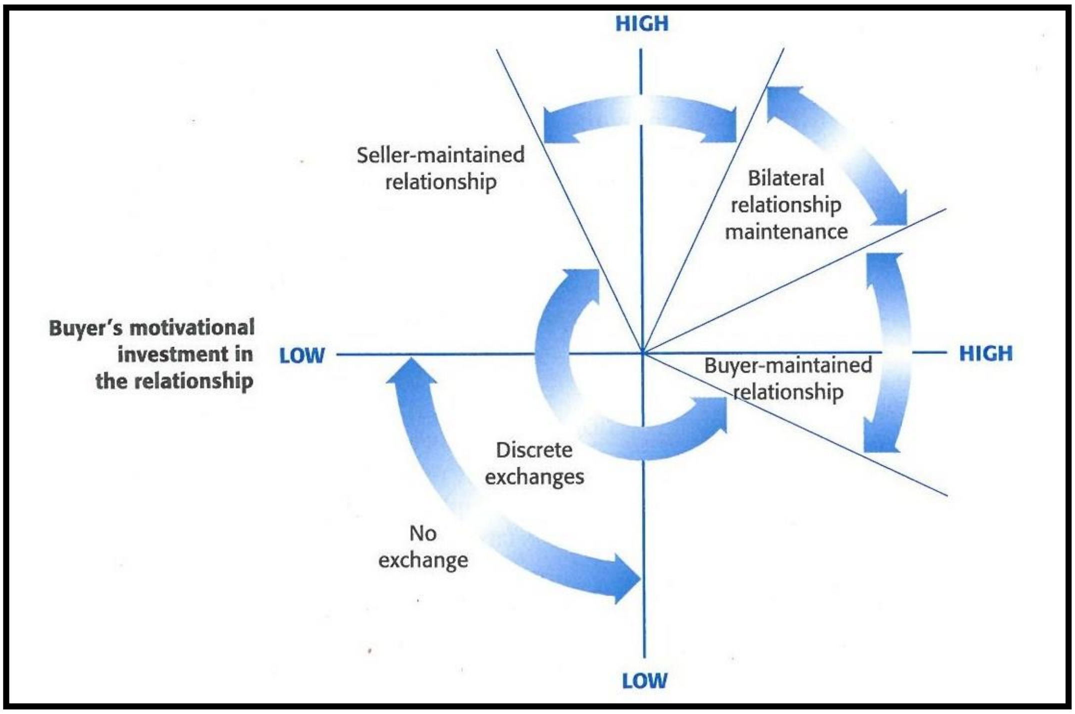


Fig 3.2 ***Types of relationship*** **(Egan 2011: 54-55)**

Egan (2011:53) states that the first type of relationship is termed as bilateral relationships. During this relationship both parties are motivated enough to invest in a relationship. These bilateral relationships are particularly relevant to business-to-business markets, however they seldom exist in consumer markets and may relate to brand communities. Discrete exchanges, is the second type of relationship and is located at the end of the scale. It involves low involvement and a purely transactional relationship. This type of relationship is normally a one sided relationship as the other party has a low motivational assessment.

Buyer maintained relationships are the third relationship type. These relationships are more likely to exist in a buyer dominated market. They are used to maintain an element of control. The last relationship type is the seller maintained relationships; those where it is in the company's interest to foster long-term bonds with an organisation. For success the customer has to reciprocate and it is up to the organisation to manage the interaction (Brink and Berndt 2011: 55).

3.12.5. Higher level relationship

Brink and Berndt (2011: 55) inform that although a high-level and closer relationship may be more common in barriers to business environment, it seems possible for some consumer organisations to develop relationships higher up the relationship ladder (Figure 3.3). The higher the level at which relationship marketing is practised the greater the potential of sustained competitive advantage. Depicted below is the relationship marketing ladder which identifies the different stages of relationship development.

The Relationship Ladder

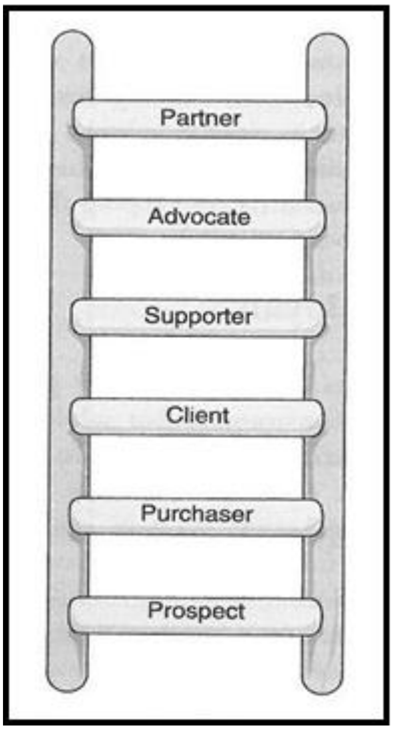


Figure 3.3 ***The relationship ladder*** **(Christopher *et al*. 2003: 47)**

All relationships start off with a customer being a prospect; someone who you believe may be persuaded to do business with you. The customer then develops into a purchaser, someone who has done business just once with your organisation or into a client someone who has done business with you on a repeat basis but may be negative or neutral towards your organisation. The next type of customer is a supporter, someone who likes your organisation, but only passively supports the organisation. Ideally, all organisations should aim to develop advocates; someone who actively recommends you to others and does your marketing for you. Finally, loyal customers will develop into partners and form an ongoing relationship with the organisation (Christopher *et al*., 2003: 47).

The literature presented above suggests that although an organisation needs new customers, they need to ensure that enough of their market offerings are directed to their existing customers. Based on the components discussed, Harwood *et al*. (2009: 82) explain that the role of advocate should be afforded special interest as referrals from customers are amongst the most relevant, effective and believable sources of information to customers. Contrary to Harwood's belief, Christopher *et al*. (2003:50) maintain that organisations do recognise that customer referrals can be a valuable source of information to prospective customers, however, these referrals should happen on their own rather than proactively implementing marketing activities to leverage the power of the role of the advocate. Relationships cannot be forced onto customers. It is a process which develops over time.

3.13 FOCUS AREA OF RELATIONSHIP MARKETING

Berndt and Tait (2002: 7) explain that the main focus of relationship marketing is the individual customer approach. This approach includes market segmentation, customer lifetime value and the conversion of the traditional marketing mix into relationship marketing.

3.13.1 Market segmentation

Brink and Berndt (2011:10) explain that one of the key aspects of customer relationship management is to focus on the individual customer. In the new economy, an organisation is supported by information which has the ability to differentiate, customise and personalise individual customer needs. Egan (2011:12) defines customisation as tailoring some product features so that the customer enjoys more convenience, lower costs or some other benefit. It is important to note that customers are different and should be treated differently. Customers should be categorised or segmented based on what is known about them, thereafter these segments can be mentioned in terms of their potential value to an organisation and appropriate communication strategies can be designed for each segment.

3.13.2 Customer lifetime value

Advances in technology, and segmentation methods have evolved to reflect a shift in power towards the customer. Berndt and Tait (2012: 9) explain that previously the objectives of segmentation focused on identifying groups of potential customers, however, a customer lifetime value based segmentation is an approach that groups customers into meaningful segments based on customer profitability and lifetime value. According to Berndt and Tait (2012:9) customer lifetime value is fast becoming accepted as the new basis of customer segmentation. In addition customer lifetime values enable an organisation to focus on improving the effectiveness of monthly expenditures.

Egan (2011:14) explains that many organisations measure customer profitability on the level of sales, the increase in order volumes or the size of the transactions. Indirect costs (cost of sales, marketing and administration) are then allocated across the customer base often in proportion to the total sales of each customer. Brink and Berndt (2011: 20) mention that with the advances in technology, organisations have access to an abundance of data about their customer including customer purchase history, attitudinal data collected from customer satisfaction surveys and demographic and socio-economic data collected from reward and loyalty programmes. Furthermore, customer lifetime value looks at what the retained customer is worth to the organisation

3.13.3 Conversion of the traditional marketing mix

The traditional 4p's of marketing are namely: product, place, price and promotion. Technology can assist in combining the 4p's in numerous ways, thereby offering the customer many choices so that they can obtain precisely what they want (product); when and how they want it (place); at a price that represents the value they wish to receive (price). Technology also enables the business to engage individual customers with what they wish to communicate (promotion). Gummesson in Egan (2011: 28) explains that to a growing extent, the marketing mix is becoming an outdated concept for consumer goods as the importance of intangible service characteristics and customer service considerations are becoming a prime differentiation between products. Kotler and Armstrong (2010: 20) however took a different approach. They proposed that the marketing mix expressed the views of the seller rather than that of the customer.

According to Groonroos in Egan (2011: 28) elements not normally regarded as part of the marketing function needed to be included in the marketing mix. Such functions include delivery, installation, complaints etc. In addition three further P's were added to form the extended marketing mix. The components of the extended marketing mix are elaborated upon below.

THE EXTENDED MARKETING MIX

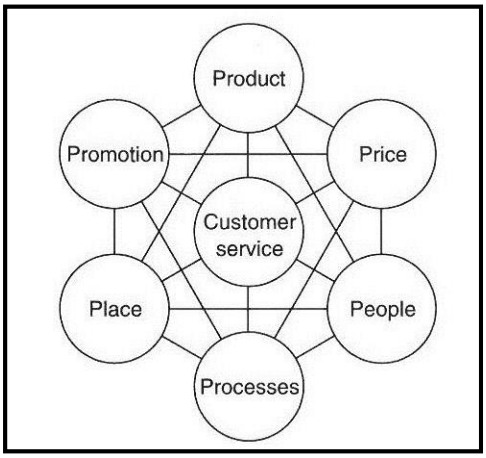


Fig 3.4 ***The extended marketing mix*** **(Christopher *et al*. 2003: 11)**

Traditionally the marketer developed **product** concepts, researched the customers and then developed the product that will best yield the desired profit. However, customers want different things at different times and are not interested in one standard product. Relationship marketing takes into account the needs of different customers. It further recognises that customers are different; they want different things at different times and in different amounts. Therefore the profits derived from each customer are different. Berndt and Tait (2012:10) state that the key challenge for marketers is to identify the core strategic value that will be delivered to the customer including elements which the customer can change.

Little and Marandi (2006:47) explain that traditional marketing sets a **price** for product and alters the price of the product in the market. The ultimate aim of the price is to seek a fair return on the investment. However in relationship marketing, the product varies according to the preferences of the customer. Berndt and Tait (2012:12) maintain that customers want to participate in decisions regarding the value they receive and the prices which they pay. When provided with a standard product, customers expect to pay a standard price, however when options are afforded to them, they are willing to pay more to customise the product to their preference. Relationship marketing therefore reflects the choices made and the value created from these choices.

Traditional marketing sees **place/distribution** as the channel which takes the product from the producer to the consumer. With relationship marketing, distribution is considered from the customer's perspective. The customer determines where, how and when to buy the combination of products and services. This implies that distribution is not a channel but a process. This process allows customers to decide where and from whom they will obtain the value they want (Egan 2011:46).

Ok (2000: 11-12) explains that no matter how successful an organisation is or how worthwhile their purpose and services are, all their efforts will be wasted if stakeholders (internal and external) are not informed or reminded about the organisations offerings and persuaded to support its services and activities. Ok further states that there are three main goals associated with **promotion** which are to inform people about the non-profit organisations existence, purpose and services, persuade and influence stakeholders to do something and to remind people to positively portray the non-profit organisation.

A **process** is a set of structured activities that converts one or more inputs into an output. Berndt and Tait (2012:16) state that service quality management, service recovery and complaint management are three processes that can assist in creating better value for customers. This can be accomplished by delivering on time and providing an initial response to customer complaints within 24 hours; allowing the customers to select a preferred communication channel or to recruit customer contact staff who are empathetic; establishing a complaints management process should be able to capture customer complaints before customers start spreading negative word of mouth or take their business elsewhere and Service recovery where the action taken by businesses when there has been a failure in the service provided. Customers are not concerned with who is to blame, but rather the situation to be resolved as efficiently as possible.

Christopher *et al*. (2003:16) explains that there are important roles that **people** need to fulfil. One such role is customer contact. Here staff members have two fundamental tasks Information management and relationship management. The information collected enables the organisation to manage customer relationships. This may involve winning, growing, maintaining their customer base and handling customer queries and complaints. In addition, the interaction between employees and customers is known as a service encounter. This refers to the actual service the customer receives either face –to – face or via the telephone or email. The manner in which these interactions are handled can lead to the development of relationships.

It is imperative that organisations never lose sight of their customers demands and needs as they evolve and change. The end result of establishing a relationship with profitable customers is customer loyalty which in turn leads to a greater profitability.

3.14 THE ROLE OF MULTIPLE STAKEHOLDERS

Managing the organisations internal and external relationships with key stakeholders is critical to any organisation and needs to become a more central activity (Berndt and Tait 2012:44). The main objective of relationship marketing is to establish and maintain long-term relationships which translate into customer loyalty. Organisations have a diverse range of stakeholders. According to Harwood *et al*. (2011:33) the top managers of an organisation play a key role in managing these relationships thereby maximising customer and shareholder value. In addition, top management does not manage these stakeholders in an integrated manner but rather in an un-coordinated and disparate manner. Berndt and Tait (2012:46) explain that implementing relationship marketing techniques requires top managers to go beyond their functional roles. Closer relationships between suppliers, internal staff, customers and other markets should be built. A number of researchers operating in the field of relationship marketing have developed models which propose the broadening of marketing to include relationships with a number of stakeholders. The six market relationship framework has been identified by Christopher *et al.* (200.3: 79) as a useful and well tested tool that can be used to review the role of key stakeholders within an organisation. The framework proposes six key market domains and is illustrated in Figure 3.5 and outlined below.

SIX MARKET DOMAINS

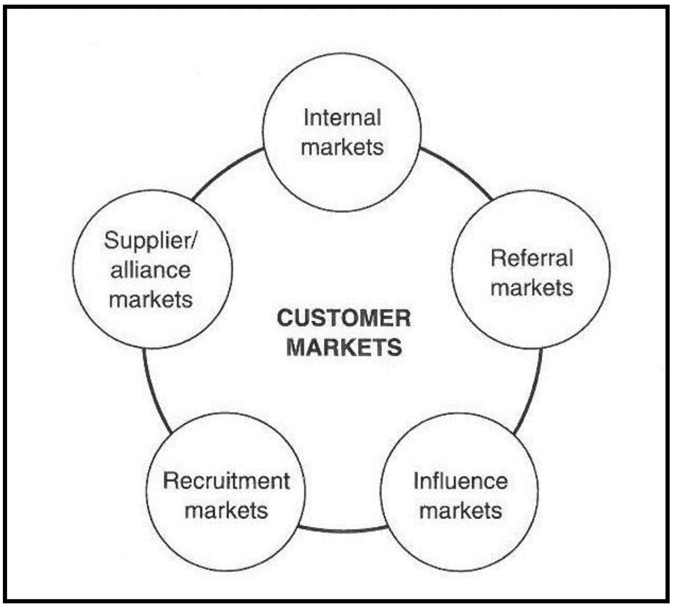


Figure 3.5 ***Six market domains*** **(Christopher** ***et al.*** **2003: 78)**

3.14.1. The customer market

The customer market is the central market within this framework. Egan (2011:30) explains that customers are the prime focus of any marketing activity and organisations marketing activity should be directed towards building long-term customer relationships rather than on producing a single sale. Christopher *et al*. (2003: 83-83) explain that the customer market focuses on three groups; namely: direct buyers, intermediaries and consumers and despite top managers being aware of the need to balance acquiring and retaining customers, very few have been able to practice this. If a service does not meet the customers' expectations, the customer will either find another suitable alternative or damage the organisations reputation via word of mouth.

3.14.2. The referral market

Little and Marandi (2011:44) maintain that an organisation's existing customers are its best marketers. There are two main categories within the referral market; namely: customer and third party referral sources. Customer referrals include two categories; namely: advocacy referrals and customer based development. Advocacy referrals are customers who become advocates when they are totally satisfied with an organisation's product and services and customer based development involves customers initiating the referrals. An organisation may simply ask customers to refer potential customers to them. Third Party referrals include the following referrals general, reciprocal, incentive based and staff referrals. It can be noted that many organisations fail to maximise the use of referrals from customers or third parties. Organisations should consider existing customers and intermediaries as a source of future business and therefore it is important that they identify both present and prospective referral sources.

3.14.3. Supplier and alliance markets

Berndt and Tait (2012: 48) mention that suppliers and alliance relationships both need to be viewed as partnerships Alliance markets are a form of suppliers. The main difference is that they typically supply competencies and capabilities and are knowledge based rather than product based. The formation of alliances brings in new skills, competencies or strengthens the organisations existing skills. Such relationships need to be managed quite differently from other traditional relationships.

3.14.4. Influence Markets

Payne *et al*. (2003: 97) explain that this domain includes a diverse range of stakeholders. These include shareholders, financial analysts, stock brokers, media, consumer groups, unions and environmental groups. Each of these groups has the ability to exert significant influence over the organisation. Relationship marketing strategies and plans should be adopted to gain maximum competitive advantage when involved with these groups.

3.14.5. Recruitment Markets

Many organisations have recognised that people are the most important resources in businesses. To attract and retain the highest quality recruits, organisations need to market themselves to potential employees. This involves creating an appropriate organisational climate and communicating the benefits of the organisation to the potential employee. The human resource department frequently manages this task but may not always have the necessary marketing skills and competencies to manage this complex set of relationships in a sophisticated way (Berndt and Tait 2012:50).

3.14.6. Internal markets

Payne *et al*. (2003: 106) further state that many organisations underestimate the important collaborative role that marketing can play. In getting the internal market exchange process working better, internal marketing encompasses two aspects. The first aspect mentions that every employee and every department in an organisation is both an internal customer and an internal supplier. Organisations need to work as effectively as possibly to ensure that every department and individual provides and receives a high standard of services. The second aspect focuses on all staff working together to achieve the overall mission and goals of the organisation. Internal marketing should ensure that all staff "give the brand" and represent the organisation to the best of their ability whether face-to face, over the phone, via mail or electronically.

Berndt and Brink (2012: 60) assert that building an organisation that is focused on the customer requires a strong emphasis on internal marketing. Key staff includes front office staff, supervisors, managers and top management. The above indicates that the current interest in internal marketing has been prompted by the renewed acknowledgments by organisations regarding the importance of the internal stakeholders of an organisation. Hollenson (2010: 112) states that internal marketing strategies involve recognising the importance of attracting, motivating, training and retaining quality employees through developing jobs to satisfy individual needs. Internal marketing has now been redefined as an important component of a consumer focused organisation.

All organisations should aim to build a strong position in each of the six markets described above. Organisations should determine the appropriate level of attention and resources that should be directed at each market. Berndt and Tait (2012:50) outline four steps that can assist non-profit organisations in allocating appropriate resources to the selected markets. The first step involves identifying the key segments in each of the markets. Thereafter, research should be conducted to indentify the expectations and requirements of key participants. The third step involves reviewing the current and proposed level of emphasis in each market and its major participants and lastly a desired relationship strategy should be formulated. In addition, the planning of marketing programmes can assist an organisation in appropriately allocating resources and activities.

3.15 PLANNING RELATIONSHIP MARKETING PROGRAMMES

The strategic plan can be described as a statement outlining an organisations future direction as well as their short and long term goals and monitoring and control mechanisms. Godson (2011: 62) asserts that there is a difference between a strategic plan and a tactical plan. In addition a strategic plan will generally deal with objectives, initiatives for the long-term planning for years to come, whereas tactical plans cover time periods for up to a year. It therefore becomes evident that relationship marketing requires a strategic approach, but depends on the use of appropriate tactics.

3.15.1 Marketing Strategy

Buttle (2002: 68) explains that a strategy refers to a set of constantly evolving operating guidelines that coordinate the numerous activities and resources of an organisation thereby achieving a planned outcome. A strategy is therefore necessary for the success of relationship marketing. This is achieved through the development of a marketing plan.

3.15.2 Marketing plan

Little and Marandi (2006: 64) assert that the marketing planning process encompasses four questions. These questions are outlined below:

Figure 3.6 The Marketing planning Process (Little and Marandi 2006: 64)

By answering the questions posed above, organisations will be in a better position to develop and utilise their resources, product range and skills. In addition to successfully planning its strategies, the implementation of the strategy should be given equal importance.

3.15.3 Implementation of relationship marketing strategies

Key considerations regarding the implementation of relationship marketing strategies focus on four stages as described below (Little and Marandi 2006: 87-95). The first stage is initiating relationships. This stage involves the organisation being involved in target marketing. During this phase new customers are acquired through advertising, sales promotions or personal selling. These customer need to be identified and communicated with. In addition a relationship may be initiated with existing uncommitted members. This is normally regarded as the most expensive stage.

Developing relationships is the second stage where the emphasis is still on investment, however, the focus is based on identifying new opportunities and developing systems which can support the relationship. It is essential that organisations ensure that customers are committed to the relationship being formed Godson (2011: 69). The third stage is maintaining relationships. A common mistake that most organisations make is neglecting existing relationships, as fewer resources are used to maintain mature relationships than initiating new ones. This stage is therefore critical in relationship marketing as the customer's satisfaction and trust should be reinforced during this stage (Buttle 2002: 68). The final stage is ending relationships which should be a conscious decision. Whilst much importance is given to establishing, developing and maintaining relationships, very little attention is given to dissolving relationships. Godson (2011: 70) explains that ending customer relationships too abruptly or taking a reactive stance in relationships could result in the customers engaging in negative word of mouth and this will be viewed negatively by exiting stakeholders and customers.

3.16 STAGES IN RELATIONSHIP DEVELOPMENT

Different stages of relationship development have been the key focus areas of many studies. Ernst, Hayer, Krafft and Krieger (2011:16) stress that a relationship between the customer and an organisation should be developed in stages. Therefore the five stages of buyer-seller relationship development suggested by Ford in Ernst *et al* (2011: 17) include pre-relationship, early stage, development stage, long-term stage and final stage. In 1987, Dwyer outlined five phases and processes to relationship development which included awareness, exploration, expansion, commitment and dissolution. Most of these researchers share common aspects related to relationship development which is considered as a life cycle development. The life cycle concept, in marketing, has often been used in planning and predicting the future demand, profits and expectations, changes in the competitive environment. Some marketers have even applied this concept to the relationship development. The nature of relationship marketing varies depending on the stage of the relationship which include creation, enhancement and maintenance Harker (in Egan 2011: 30). The following section will discuss these respective stages.

3.16.1 Relationship creation

The aspect of relationship creation is based upon attracting, establishing and maintaining customer relationships. Creation is a very early stage, but essential in the relationship marketing process. Egan (2011: 33) informs that creation may be based on financial, technological or social factors. As these relationships grow, the loyal customers themselves help in attracting new customers with similar relationship potential. These newer customers may search for additional information and perhaps even trials of the market offering. At this stage it is essential that organisations enhance these potential customer impressions and provide some incentives to motivate the transactions. Many organisations believe that getting existing customers to provide referrals and recommendations should be one of the ways to maintain current customers and simultaneously add to new business. Different relationship marketing approaches such as financial incentives may be used to successfully motivate the transaction. Little and Marandi (2003: 25) state that the purpose of this component is to therefore attract and establish relationships with new customers. All relationships start with a single trial purchase. Through this stage, the organisation is able to select those customers that offer the greatest potential for profitable and long-term relationships and seek to move them into the enhancement stage.

3.16.2 Relationship enhancement

According to Egan (2011: 35) once customers are attracted and enter into a relationship with the organisations, they are more likely to stay or increase their transactions. This only occurs when they are consistently provided with quality products and services and value-added over time. Organisations are more likely to identify who their valuable customers are based on the transactions recorded. Organisations are required to invest time and resources in better understanding the needs of customers or those specific buyers. One explanation for this situation is that the organisation may have made the investment in the hope of a better future. Enhancement is a key feature of relationship marketing. Groonroos (2000: 32) indicates that one way of defining when a relationship is developed is by measuring the number of times a given customer has made purchases from the same organisations. Should there appear to be a number of continuous purchases or if a contract has been effective for a certain period of time this can then be described as a relationship with a customer. Over time, enhanced relationships can increase market share and profits for the organisation. Therefore the main purpose of this stage is to build a stronger relationship which requires mutual understanding and joint systems between an organisation and its customers. Organisations should remember that the customers are less likely to be pulled away by competitors if they feel that the organisation understands their changing needs and seems willing to invest in the relationship by improving their product offering.

3.16.3 Relationship maintenance

Maintenance can be described as a key characteristic of relationship marketing simply because the main purpose of relationship marketing focuses on sustaining existing customer relationships rather than acquiring new customers. Furthermore, it is more economical to retain existing customers rather than attracting new ones. Marketers therefore need to work to implement effective strategies for retaining customers. Nowadays, organisations are recognising the importance of satisfying and retaining current customers. Kotler and Armstrong (2010: 18) explain that acquiring new customers can cost five times more than the costs involved in retaining current customers. A key assumption of relationship marketing is that all parties will be able to meet their objectives through the relationship. Another key aspect is that the strategic implications vary depending on the stage of the relationship, whether creating, enhancing, or maintaining the relationship. Groonroos (2000: 32) explains that organisations have the ability to increase their customers in three ways, namely: they can attract new customers, do more business with existing customers and/or reduce the loss of current customers. Therefore, organisations should concentrate on issues that arise depending on which stage of the relationship the customer is in.

3.17 RELATIONSHIP MARKETING MIX

As discussed earlier, essential activities of marketing are explained and understood as the marketing mix, product, place, price and promotion (4P's). Later on the marketing mix was extended to include people, process and physical evidence to form the extended marketing mix (7P's) Kotler and Armstrong (2010: 58). The marketing mix as well as the extended marketing mix constitute a product orientated approach to marketing. Therefore, to retain customers a new approach to gain customer loyalty and to establish a competitive approach has to be established. According to Smith (2008: 31) the relationship marketing mix is a term used to describe a combination of elements used by an organisation to achieve its objectives through marketing. It includes interaction, emotional content, customer lifetime values and customisation. These elements will be discussed in the following paragraphs.

3.17.1 Interaction

Organisations normally have two interacting parties; namely: the supplier and the customer (external). During mass marketing, customers were unknown to marketers and the match between supply and demand were low. Many organisations suffered from inefficiently matching customer needs due to lack of precise information and no interaction between customers (Gummerson 2005: 35). Technological changes have managed to improve this situation and two-way communication has become more efficient and affordable. Kiely and Armistead (2004: 20) have designed a communication based model for relationships. This model gives special attention to two aspects: the need for integrated communication such as "everything a company does to send a message that can strengthen or weaken relationships" and the demand for interactive communication which emphasises "talking to customers and listening to what they have to say". The purpose of the interactive approach is to identify the needs of customers and thereafter find an effective solution to satisfy them leading to key relationships being built with stakeholders. Larrson and Kinnuren (2007: 25) explain that interaction can take the form of social bonds as well as business transaction because two-way communication encourages the mutual understanding between organisations and customers. Basheer and Ghaleb (2012: 188) mention that two-way communication can assist a non-profit organisation in determining the needs and wants of their stakeholders and a continuous cycle of two-way communication aids in relationship development. Hence, communication can be regarded as a vital tool for relationship marketing. Non-profit organisations are required to possess an ongoing understanding of the customer's needs, values and consumption habits to nurture the growing relationships. In addition, interaction is crucial in building trust which in turn plays a key role in an organisation's structure.

3.17.2 Emotional content

Kiely and Armistead (2004:22) propose that many organisations should recognise and understand the emotional stance of their customers as this will impact on their future transactions. Emotion refers to the mental state of readiness that arises from cognitive appraisals of evens or thoughts and is often physically expressed. Relationships are built on the foundations of mutual commitment. According to Harker (in Egan 2011: 44) commitment and trust are elements which fall under the category of emotional content. In addition a customer's emotions can affect their perceptions of satisfaction with products and services. The fulfilment of promises is therefore essential in achieving customer satisfaction.

3.17.3 Customer lifetime values

Basheer and Ghaleb (2012: 199) define customer lifetime values (CLV) as a function of frequency of purchase multiplied by the gross margin multiplied by the duration of brand loyalty. Therefore, customer lifetime values are an important variable that is used in designing and budgeting for customer acquisition programmes. Egan (2011: 63) states that an organisation should avoid taking a short-term view of the profit or loss of any individual but rather should consider the income derived from that companys lifetime associations with the customer's. This stage emphasises on an organisation identifying long-term profitable customers who are willing to enter into long-term relationships.

3.17.4 Customisation

Customised products have enjoyed increasing popularity in markets and offer great potential for business growth. Some marketing managers are basing their relationships with customers on policies and procedures called "individualisation", "customisation" or "personalisation" Kiely and Armistead (2004:22). One of the challenges organisations face is producing and delivering high quality products and services that satisfy the unique needs of each customer. Nowadays customers not only demand high-quality products at a low cost, they also expect them in the customised variety which gives them what, when and where they want it. Therefore product customisation and communication for each customer is an important requirement of relationship marketing. Although every customer in unique, it will be quite difficult for an organisation to develop one unique product for one customer and no other in the mass market. Hence the term mass customisation is used. According to Huang and Chen (2012:221) mass customisation refers to customers ordering and receiving a specially configured product, often choosing from other product options to meet their specific needs at an affordable price. Little and Marandi (2003: 31) define customisation as an attempt to create added value and many organisations utilising improvement in technology and flexible processes are enabled to engage in the practice profitably. Within the constraints of traditional production methods, standardisation combined with mass production was the outcome used to satisfy more customers and to better meet the needs of every individual customer. It is important to note that the idea of customisation goes beyond tailoring products to tailoring every interaction between customers and the organizations from marketing productions to after-purchase customer service.

3.18 OUTCOMES OF RELATIONSHIP MARKETING

The relationship marketing mix can be described as a set of marketing activities aimed at creating, enhancing and maintaining customer relationships. Palmatier, Dant, Grewal and Evans (2006: 138) explain that the relationship marketing mix includes the following variables Long-term relationships; Profitable relationships; Growth customer share and Relationship termination. Each of these variables will be elaborated on below.

3.18.1 Long-term relationships

Every marketplace exchange transaction involves a relationship. An essential construct for the long-term type of relationship is commitment. Commitment shows that the relationships are important to both parties. Hence both parties provide higher levels of input into the relationship, ensuring its success. Therefore Delport *et al.* (2010: 291) stress that strong relationships are committed ones. The development of relationships offers organisations and marketers useful knowledge about their customers. It further provides an understanding of their customer lifetime value as it evolves over time. It is anticipated that an established customer relationship will provide stronger value propositions. Harwood *et al.* (2008:15) maintain that a commonly cited benefit of long-term relationships for firms is that customers may increase purchases over time. Customers may also benefit from lower costs and constantly being provided quality products and services and greater value. Thus the following section describes one of the outcomes of relationship marketing which is profitable relationships.

3.18.2 Profitable relationships

One of the main reasons for the growth of relationship marketing has been the assertions of the benefits that it can bring to an organisation. Huang and Chen (2014:223) indicate that relationship marketing theory maintains that consumers enter into relational exchanges with organisations when they believe that the benefits which they will receive exceed the costs involved. Several researchers have explored the motivations of consumers for engaging in relational exchanges with an organisation. According to Basher and Ghaleb (2012: 4) consumers are motivated to engage in relational exchanges with partners with whom they share values. Relationship marketing also brings confidence and social benefit to the customer. From an organisational perspective, the positive word-of-mouth from a loyal customer and existing customer of an organisation can be very influential for gathering new business and attracting new customers. Although it is clear that engaging in a relationship requires time, cost and effort, it is suggested that relationship marketing reduces these costs and risks and brings mutual benefits for both the organisation and the consumer.

3.18.3 Growth customer share

Little and Marandi (2003: 29) explain that customer share is an attempt made to create long-term relationships as well as the creation of mutual value. The true success of relationship marketing will result from a growth in the share of a customer the marketer can expect to achieve. Hunag and Chen (2014: 223) state that "what we have today may be gone tomorrow, if the customer is not locked in". Based on this, an organisation can build customer share by offering a large variety of goods to their existing customers. Therefore this component implies that a customer with a high potential is treated as an individual whose needs are addressed and an attempt is made to persuade the customer to purchase more of the company's product.

3.18.4 Relationship termination

Relationship marketing will not automatically lead to a stronger customer relationship. Customer will exhibit different levels of relationship closeness and strength. It is crucial to note that all customers will want to engage in a relationship. Little and Marandi (2003:29) explain that although the main purpose of relationship marketing is to establish, maintain and enhance relationships, there are times when it becomes necessary to terminate relationships. A marketer does not plan for short-term results in relationship marketing, however some exchanges may be unprofitable. Harwood *et al*. (2008: 18) maintain that a relationship can be considered terminated when no activity links or resource ties exist between the parties who were originally involved in the relationship. Despite many academic contributions, the variable of relationship termination still lacks comprehensive literature indicating why and how relationships come to an end.

Based on the outcomes discussed relationship marketing is seen as a dyadic and multilateral approach (the relationship marketing mix) and it is important to recognise that marketing activities impact on relationships and relational exchanges.

3.19 THE EMERGENCE OF CUSTOMER RELATIONSHIP MANAGEMENT

According to Huang and Chen (2014: 223) customer relationship management was popularised in the 1980s and was derived from an earlier concept called contact management. Payne and Frow (2005:167) explain that contact management took place through contact channels also known as the media to provide goods and services. Organisation have realised that they need to put their customers at the front and centre of their business and to support an effective customer care process involves profiling customers, segmenting customers, researching customers, investing in technology and managing customers. Therefore customer relationship management is essentially about managing all aspects of an organisations relationship with its customers.

3.20 DEFINING CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management has become a widely accepted and recognised business approach. Berndt and Madele (2012:33) suggest two perspectives for which customer relationship management can be defined. The following section will discuss the definitions from the technological perspectives and the marketing perspectives of customer relationship management.

3.20.1 The technological perspective of customer relationship management

Ernst, Hoyer, Krafft and Krieger (2011: 290) identify 205 customer relationship management articles published between 1992 and 2002 covering the span of 89 journals and all implying that Information Technology (IT) and Information Systems (IS) play an important role in the development and implementation of customer relationship management. The increased accessibility of information technology together with sophisticated software allows for the data relating to consumers to be captured and stored. This information is utilised for marketing purposes and to provide customised products and services. Little and Marandi (2003:46) explain that from a technological perspective, customer relationship management was claimed as the market place of the future and is undergoing immense transformation. It is therefore essential that IT and marketing departments work closely to effectively implement customer relationship management. Peppers and Roger (2000:4) explain that customer relationship management is like a device, or technology which adopts data warehousing and data mining to analyse customer behaviour. This process is used to target selected customers.

Ernst *et al*. (2011:291) assert that for many practitioners, customer relationship management is a combination of people, processes and technology which seeks to provide an understanding of customer needs to support a business strategy and build long-term relationships with customers. Gummesson (2003: 45) states that customer relationship management is not a technology solution. The system process cannot manage customer relations as customer knowledge needs to be understood by business managers and face-to-face communication needs to be performed by front-line operational staff. Therefore the key processes are performed by human beings who require a clear understanding of the goals and content of key decisions and interactions.

3.20.2 The marketing perspective of customer relationship management

In the marketing perspective, customer relationship management is deemed as a managerial philosophy that involves a combination of business processes and technology that seeks to understand an organisations consumer's behaviour. This viewpoint focuses in the relationship with the customer that integrates database knowledge within a long-term customer retention and growth strategy. Meaningful communication strategies are used to improve customer acquisitions, customer retention, customer loyalty and customer profitability. Parvatiyar and Sheth (2001: 5) define customer relationship management as a process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales and customer service to achieve greater efficiencies and effectiveness in delivering customer value. This definition indicates the potential of customer relationship management to offer better customer service and to improve marketing effectiveness through a more focused approach. Ernst *et al*. (2011:299) maintain that the customer relationship management approach offers operational improvements as well as the opportunity to capture and analyse information about customer's purchasing behaviour and track the effectiveness of marketing programmes, as well as providing the basis for future planning. This implies that the ultimate aim of customer relationship management is to focus on the needs and values of individual customers to maximise long-term profitability which can be achieved by attracting the right customers, enhancing the life-time value through cross selling and up selling and by maximising the loyalty and retention of the right customers.

3.21 THE DIFFERENCES BETWEEN RELATIONSHIP MARKETING AND CUSTOMER RELATIONSHIP MARKETING

Relationship marketing is a comprehensive relationship concept between an organisation and its customers. Relationship marketing requires tools, activities and processes that support and facilitate the management of the relationship therefore customer relationship management is embedded in relationship marketing Palmetier *et al* (2006: 137).

Relationship marketing can be regarded as a philosophy focusing on customer retention whereas customer relationship management is regarded as a practical implementation. According to a survey conducted by Gartner (2001: 5) more than 50% of customer relationship management strategies are considered failures. Relationship marketing is a way of doing business, therefore many customer relationship management projects fail to deliver on the return on investment because of their inability to understand the business needs. Furthermore, customer relationship management strategies will not manage the relationship by itself. The management team of the organisation still need to adopt a disciplined attitude to understand that customer relationship management will build customer strategies and processes, supported by relevant software for the purpose of improving customer loyalty and eventually corporate profitability (Berndt and Madele 2012: 24).

Veloutsou (2002: 437) explains that the main idea of customer relationship management is to establish closer relationships and interactions between an organisation and most of its customers. Therefore the core theme of both customer relationship management and relationship marketing perspectives is their focus on a cooperative and collaborative relationship between an organisation and its customers. Some marketing literature uses the terms relationship marketing and customer relationship marketing interchangeably which often leads to confusion. Customer relationship means different things to different people. One group (mostly practitioners) believe that customer relationship management is an IT project, while the second group (mostly academics and practitioners) believe that customer relationship management is a strategy used to build a long-lasting relationship that is enabled by technology (Gartner 2001: 5). However Little and Marandi (2003:198) believe that customer relationship management is a comprehensive strategy which combines people, process and technology. The potential does exist for customer relationship management to be used as a genuine tool for long-term relationship building with valued customers using the principle of relationship marketing. Therefore customer relationship management is not simply about applications or software but it is a philosophy of an organisation working towards building long-term relationships with its target market.

3.22 BENEFITS OF RELATIONSHIP MARKETING TO THE NON-PROFIT ORGANSIATION

Sargeant and Bennett and Barkensjo (2004: 6) claim that relationship marketing activities can be successfully applied to the non-profit sector. Table 3.4 summarises how relationship marketing strategies meet the needs of the non-profit sector.

NON-PROFIT CHALLENGES	RELATIONSHIP MARKETING BENEFITS
Long-term support needed	Fosters long-term committed relationships
Goods and services are intangible	Relationship becomes tangible benefits tying donors to the organisations
Giving motivation is intrinsic	Fosters sense of ownership in mission. Relationship becomes a salient attribute linking donors to the non-profit organisations
Communication can be ambiguous	Relationship builds donor confidence in the organisation
Marketing is incompatible with non-profit	Strategy stresses mutually beneficial relationship is greater than any single transaction.
Fundraising	Provides a sustainable strategy capable of meeting the organisations needs.

Table 3.4 ***Relationship marketing meeting the needs of non-profit organisations*** **(Sargeant and Bennett 2004:7)**

Table 3.4 implicitly highlights that relationship marketing emphasises the importance of developing long-term sustainable relationships with existing customers and claims that it is better to spend resources and energy on existing customers than attracting new ones.

3.23 THE FORMS OF RELATIONSHIP MARKETING

Kharouf (2010: 28) explains that understanding relationship marketing requires distinguishing between the discrete transaction which has a distinct beginning, short duration, and sharp ending by performance, whereas relational exchanges traces towards previous agreements is longer in duration and reflects an ongoing process. Figure 3.7 by Hunt, Arnett and Madhavaram (2006: 72 - 73) demonstrate ten forms of relationship marketing.

RELATIONSHIP FORMS

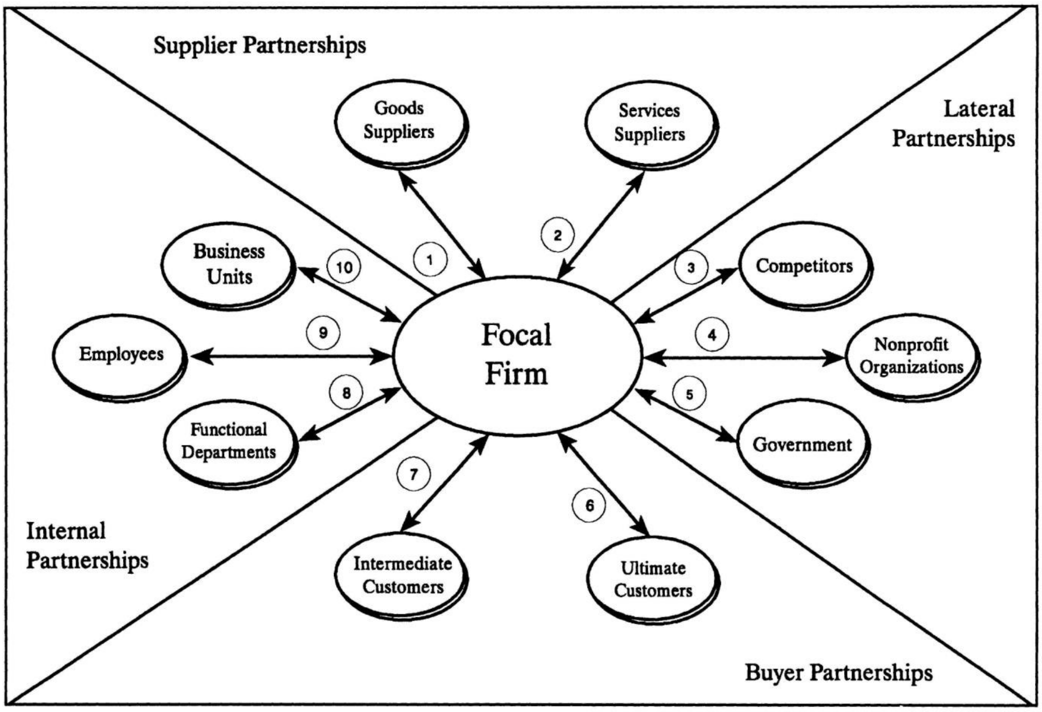


Figure 3.7 Relationship forms (Hunt *et al*. 2006: 72)

Hunt *et al.* (2006: 72 -73) further explain that the partnering involves relational exchanges between manufacturers, suppliers, service providers such as advertising or marketing research agencies and the internal stakeholders of an organisation. The long-term exchanges between firms and ultimate customers should be implemented in customer relationship marketing programs, affinity programs and loyalty programs. Furthermore forming partnerships between prospective clients, funding constituents including local communities, private individuals and the National Government is essential. These relationship forms highlight that each partner or prospective partner plays a unique role within an organisation. Based on this Ajzen and Cote (2008: 310) firmly believe that establishing and maintaining relationships between these different stakeholders can assist a non-profit organisation in attracting resources and gaining a competitive advantage.

3.24 MODELS OF RELATIONSHIP MARKETING

Gilaninia, Almani, Pournaserai and Mousavian (2011: 78) assert that it is a well known fact that non-profit organisations are interested in having long-term relationships with their stakeholders so that they can remain current for a long-time. In searching for key factors that lead to stronger relationships, attention is focused on the *Morgan and Hunt relationship model* (Figure 3.8).

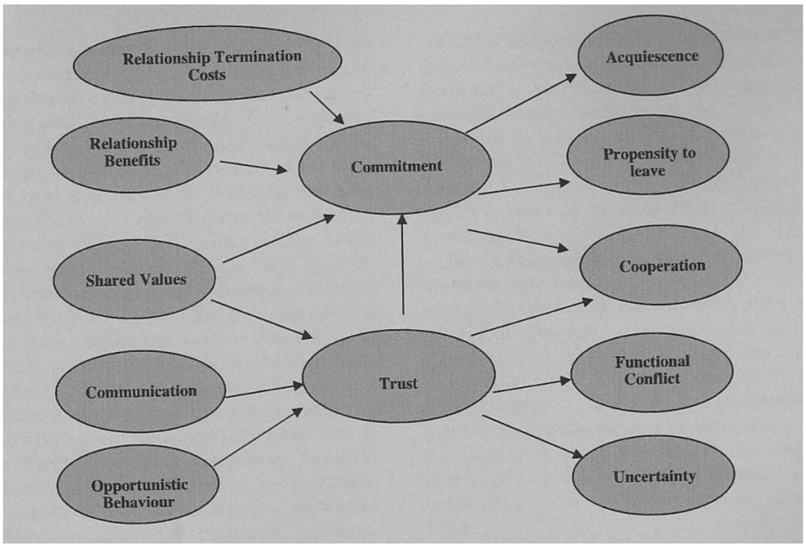


Fig 3.8 ***Morgan and Hunt Model of Relationship Marketing*** **(Macmillan *et al.* 2005: 807)**

Macmillan, Money, Money and Downing (2005:807) explain that there are various variables in the model, however, trust and commitment can be seen as the key elements. These authors further explain that trust and commitment can be seen as the heart of any organisation which assists them in developing relationships with the stakeholders. The above model highlights that in a relationship, commitment and trust are key variables before five antecedents. The elements to the ***right*** of the diagram highlight the outcomes, whilst the elements to the ***left*** of the diagram highlight the antecedents. A brief explanation of each component of this model is provided below:

Trust exists when one stakeholder has confidence in the other's reliability and integrity and is the "corner stone" of strategic partnership. Morgan and Hunt in (Weideman 2012: 112) explain that trust depends on shared values, communication and opportunistic behaviour. This simply means that individuals interact, experience and observe the actions of the relationship partner and thereafter use these perceptions to develop a view of how the partner will act in the future. Al-Hersh, Aburoub and Saaty (2014:77) explain that long-term orientation is affected by the extent to which customers and organisations trust their channel partners. Each partner's ability to promote and provide a positive outcome to the other determines commitment to the relationship. In addition, a customer's trust reduces the feelings of vulnerability. Therefore commitment and trust together can encourage marketers to work towards preserving the relationship by cooperating with key stakeholders. Both these variables are essential elements in ensuring long-term orientation towards a business relationship.

Commitment can be described as an ongoing relationship with a partner (stakeholder) to receive value out of the relationship. Both parties believe that by working together mutual satisfaction can be obtained. Moorman, Zaltman and Deshpande (in Macmillan *et al*. 2005:807) explain that commitment to any relationship includes a desire to maintain that relationship and therefore commitment is central to relationship marketing. These authors further postulate that relationship can be seen as the foundation on which mutual commitment is built on. Commitment is conceptualised in terms of a customer's intention to stay in a relationship and the willingness to put effort into maintaining the relationship. According to Al-Hersh *et al*. (2014: 79) customer commitment can be described along four dimensions which are loyalty, willingness to make short term sacrifices, long-term orientation and willingness to invest in the relationship. While commitment in marketing literature is defined as an enduring desire to maintain a valued relationship, it also implies a higher level of obligation to make a relationship successful and to make it mutually satisfying and beneficial. It also means keeping in touch with valued customers, providing timely and trustworthy information on services and changes and maintaining proactive communication.

Relationship termination costs refer to the financial costs incurred when ending a relationship. Alrubaiee and Nazer (2010: 156) identify the following costs when a relationship ends switching and opportunity costs, dissolution costs, loss of reputation and aggravation.

Relationship benefits can be categorised into extrinsic and intrinsic benefits. Andreason (2002:3) explains that extrinsic benefits are the material benefits of the relationship such as funders receiving positive publicity, whilst intrinsic benefits refer to the non material benefits such as the funders belief that the non-profit is making good use of the funding that is being provided to them.

Shared values involve common traits or characteristics shared by the stakeholders and the organisation. Macmillan *et al.* (2005: 815) mentions that shared values have a direct impact on both commitment and trust. Stakeholders who are responsible for funding need to believe in the "cause" of the non-profit organisation. This will enable the stakeholders to maintain and put further effort into that relationship.

Communication forms an integral part of all organisations (Apaydin 2011: 425). The frequency, timeliness and relevance of communication can affect the operational success of that organisation. These authors further reveal that communication should be seen as a two-way process involving listening to, as well as informing all stakeholders at all times. However, Andreason (2002:4) implies that the communication variable is often assumed or taken for granted and consequently overlooked as a vital component of marketing relationships. Yet, it is this variable which is responsible for forming the groundwork for building trust amongst the exchange partners. Al-Hersh *et al*. (2014: 80) assert that timely communication fosters trust by assisting to solve disputes and aligning perceptions and expectations. Communication also informs dissatisfied customers as to what the organisation is doing to rectify the causes of dissatisfaction.

Opportunistic behaviour can be seen as an important factor associated with trust. Andreason (2002:5) explains that opportunistic behaviour refers to the manner in which non-profits have treated their past funders and whether the non-profit is able to fulfil all commitments made. Should the funder feel exploited, the trust which the funder has in the non-profit will be undermined.

Acquiescence refers to the stakeholders and the organisations adhering to and accepting the requests of one another. By doing so, commitment and trust between the parties are increased. **Propensity** refers to the negative thoughts or doubts which either the stakeholders or the non-profits have regarding the termination of the relationship (Macmillan *et al.* 2005: 809).

Cooperation involves all stakeholders working together to achieve mutual goals. Cooperation aids in strengthening the relationship between the two entities.

Functional conflict can be found in all types of organisations. According to Al-Hersh *et al*. (2014: 82) any hostility or conflicts not resolved can lead to lack of communication, which in turn results in the relationship deteriorating or breaking down. Trust therefore plays a pivotal role in that both stakeholders will "trust" that a solution to the conflict can be found.

Decision-making uncertainty refers to the extent to which stakeholders have enough information to make key decisions, can predict the consequences of the decision that will be made and have confidence in the decisions to be made. Apaydin (2011: 425) explains that uncertainty can be avoided if both stakeholders trust each other and are confident that a reliable decisions will be made.

The adapted model of Macmillan *et al.* (2005: 806-807), as illustrated in Figure 3.9 differs from the original Morgan and Hunt model in numerous ways.

THE HYPOTHESISED MODEL OF NON-PROFIT FUNDER RELATIONSHIPS

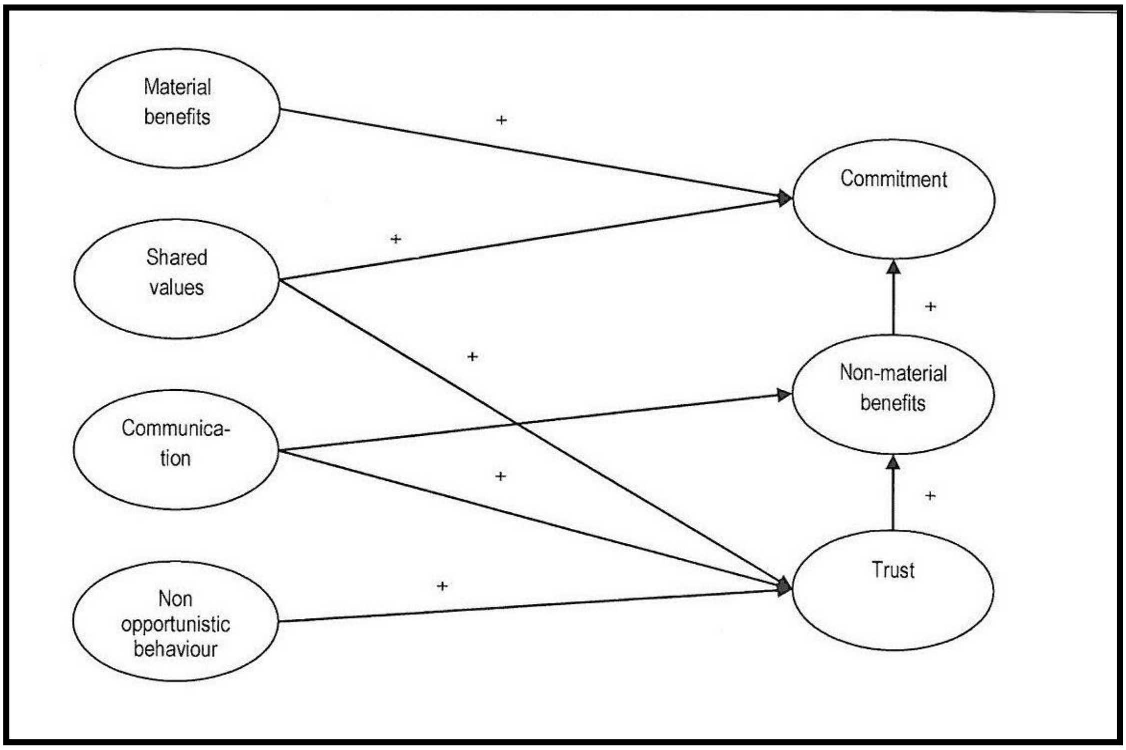


Fig 3.9 ***The hypothesised model of non-profit funder relationships*** **(MacMillan *et al*. 2005: 806)**

The first key difference is that the concept of relationship benefits has now been replaced by two constructs, namely intrinsic and extrinsic benefits. Extrinsic benefits are material benefits that are exchanged in a relationship, whilst intrinsic benefits are benefits inherent in the relationship.

Al-Hersh *et al*. (2014: 96) mentions that the second difference relates to the trust-commitment link. In this model, material benefits are antecedents of commitment replacing the relationship benefit construct which constitutes the third difference. The fourth difference is the communication construct which has been extended to include items that reflect a two-way form of communication. The fifth difference is that the commitment and relationship termination cost was removed. Opportunistic behaviour, shared values and trusts constructs were also replaced by more appropriate constructs.

To simplify the model, opportunistic behaviour was replaced with non-opportunistic behaviour as all the links can now be labelled as positive. In addition shared values are described in term of statements relating to perceptions that the non-profit organisation has the same values as the donor (Macmillan *et al*. 2005: 808-809). The tested model of the non-profit funder relationship is shown below.

TESTED MODEL OF NON-PROFIT FUNDER RELATIONSHIPS

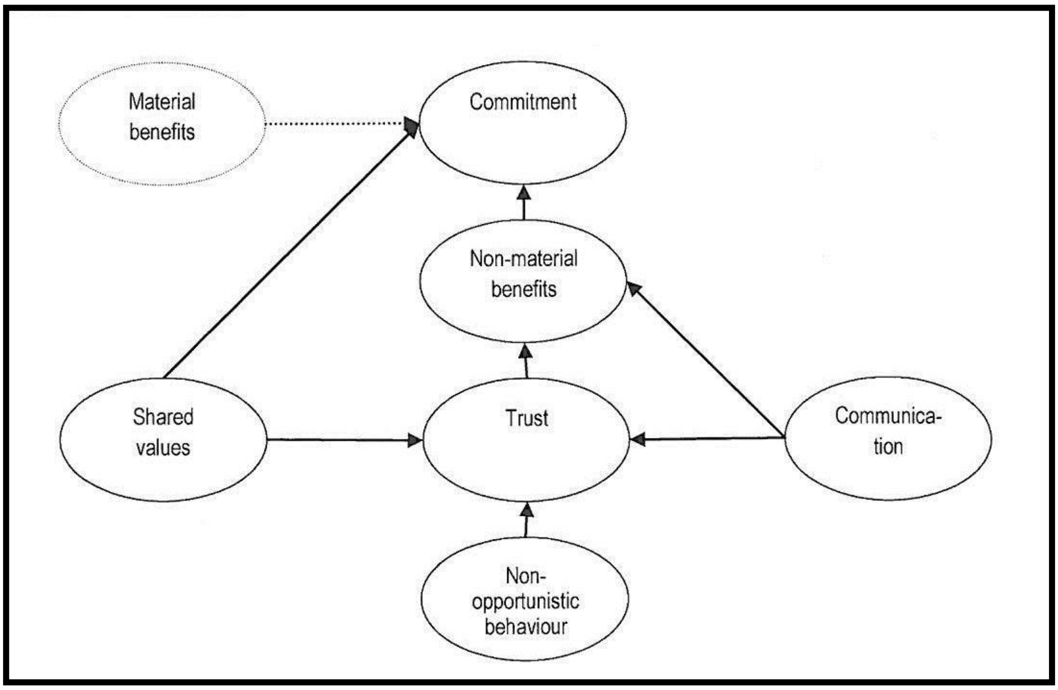


Fig 3.10 ***Tested model of non-profit funder relationships*** **(MacMillan** ***et al.*** **2005: 814)**

Figure 3.10 suggests that the relationship marketing approach can be applied to the non-profit sector. Non-material benefits can be described as the main driver of donor commitment, material benefits were identified as not significant and has therefore been deleted from the model. According to MacMillan *et al*. (2005: 814-815) there is a high correlation between material and non-material benefits. Essentially this means that should non-material benefits be removed, the impact of material benefits on commitment becomes more significant. Weideman (2012: 114) explains that receiving a certain level of material benefits is important in influencing donor commitment, however to enhance this commitment, it is essential that non-material benefits are provided. Therefore, trust is seen as the key driver of non-material benefits. Al-Hersh *et al*. (2014: 87) state that, trust is a direct result of the way a non-profit organisation deals with its donors and that the two main determinants of trust are communication and non-opportunistic behaviour.) Non-opportunistic behaviour is said to be the most influential as it implies that the way a non-profit has treated its donors in the past will affect the way donors believe they will be treated in the future. Communication therefore becomes an antecedent of trust; however it is a factor that the non-profit organisation can control and lastly shared values impacts on both commitment and trust (MacMillan *et al*.

2005: 815). This therefore implies that donors need to believe in the cause of the non-profit organisation to trust it and to maintain and to put further effort into the relationship.

In addition to the key components identified, Godson (2011:336) presents the following six additional components which can aid relationship development. The first component is **time** indicating that prompt responses to inquiries, feedback or comments can be the difference between a mediocre relationship and a great one. **Emotional intensity** is the second component which requires stakeholders to become connectors and always attempt to find out how they can be of assistance. **Reciprocity** is the third component which requires non-profit organisations to operate in a way that constantly keeps the customers' best interest in mind. The fourth component is **diversity**; people with good relationships not only accept diverse people but welcome their opinions. The fifth component is **respect**. Stakeholders within the relationship should respect each other as well as value the input of others and the last component is **mindfulness** which suggests that stakeholders should be responsible for their words and actions.

Communication is an indispensable attribute in relationships and is described as a core requirement in building and fostering relationships. As previously mentioned, relationship marketing is a modern concept relating to all efforts which are directed towards establishing and developing and maintaining successful relational exchanges. It can therefore be said that relationship marketing reflects the long term focus of an organisation and that organisations should plan and evaluate relationships very carefully. Zineldin (in Godson 2011: 334) explains that the evolution of technology has had a significant impact on marketing communication, supplier relations and interactions as well as stakeholder integration. The following section explains a combination of communication techniques that can be used in establishing and maintaining relationships with key stakeholders.

3.25 IMPORTANCE OF MARKETING COMMUNICATION

Dimitrov (2009: 9) explains that communication for a non-profit organisation can be regarded as a valuable resource. He further elaborates that communication planning, strategies, and skills can assist an organisation in becoming more cost efficient in the short-term and gain a better competitive advantage in the long-term. According to Thill, Bovee (2015: 18) communication can be described as the process of transferring information and meaning between senders and receivers. The essence of communication is sharing and providing information, insights and inspirations in an exchange that benefits the stakeholders involved. Effective communication provides many opportunities for organisations some of which include: closer ties with important communities, opportunities to influence conversations, perceptions and trends, increased productivity and faster problem solving, better financial results, early warning of potential problems, stronger decision making based on timely and reliable information, clearer and more persuasive marketing messages and greater stakeholder engagement which leads to higher employee satisfaction. Furthermore, communication serves as a way to develop, organise and disseminate knowledge. Anderson (2001: 167) asserts that "to understand human communication, we must understand how people relate to one another". This implies that relationships are impossible without communication.

Integrated marketing communication involves identifying the target audience and sharpening a well-coordinated promotional programme, so that an organisation can successfully obtain the desired results from their target market. Blythe (2009: 178) explains that communication can be seen as a process that takes place between the sender and the receiver.

Integrated marketing communication is clearly influenced by the relationship perspective in marketing. For relationship marketing to be successful, an integration of all the marketing communication messages is needed to support the establishment, maintenance and enhancement of relationships with key stakeholders (Groonroos 2009:362). Consequently, marketing communication is essential for relationship marketing. Fill (2011:11) explains that communication is essential as it is used to reinforce experiences and beliefs. This may take the form of reminding people of the need that they might have or reminding them of the benefits of their past transaction/interactions with a view to convince them that they should enter into a similar exchange. Communication is also able to inform and make potential donors aware of the non-profit organisations offering, and can be used to persuade current or potential stakeholders.

Blythe (2009: 178) mentions that the communication mix is a list of elements consisting of advertising, promotion, selling and public relations. These tactical tools are combined and used by marketers to create an impact on its customers; however Groonroos (2002: 264) asserts that everything communicates something about the organisation, its goods and services. He further states everything that employees say and how they say it and even their behaviour communicates something to the customers. This result in the customers experiences either being of a favourable or unfavourable nature. Therefore communication is an essential tool that is required for an organisation to successfully manage its relationship with its customers as well as reduce the number and frequency of service errors and breakdowns, extra value can be added to increase the service performance. Nowadays organisations have a variety of methods to choose from when designing and delivering their promotional message to their relevant target audience. Many organisations are now implementing the concept of integrated marketing communications.

Blery, Katseli and Tsara (2010: 58) state that many non-profit organisations are unaware of the important role that marketing plays within this sector. Marketing strategies should be implemented and therefore it is essential that non-profit organisations possess some knowledge in this regard. Thus, marketing can provide significant benefits to the non-profit organisations thereby assisting them in successfully promoting, raising public awareness and generating interest in the non-profit organisations. These concepts include: Advertising, Personal Selling, Direct Marketing, Public relations and Sales promotion. Kotler and Armstrong (2012: 29) state that the tasks mentioned above can only be achieved if a organisation plans and blends their communication efforts into an integrated marketing communication programme (the promotion mix). The promotion mix comprise of tools which an organisation can use to communicate persuasively to obtain value from customers. Figure 3.11 outlines the elements in the promotion mix.

Integrated Marketing Communication: Promotional Tools

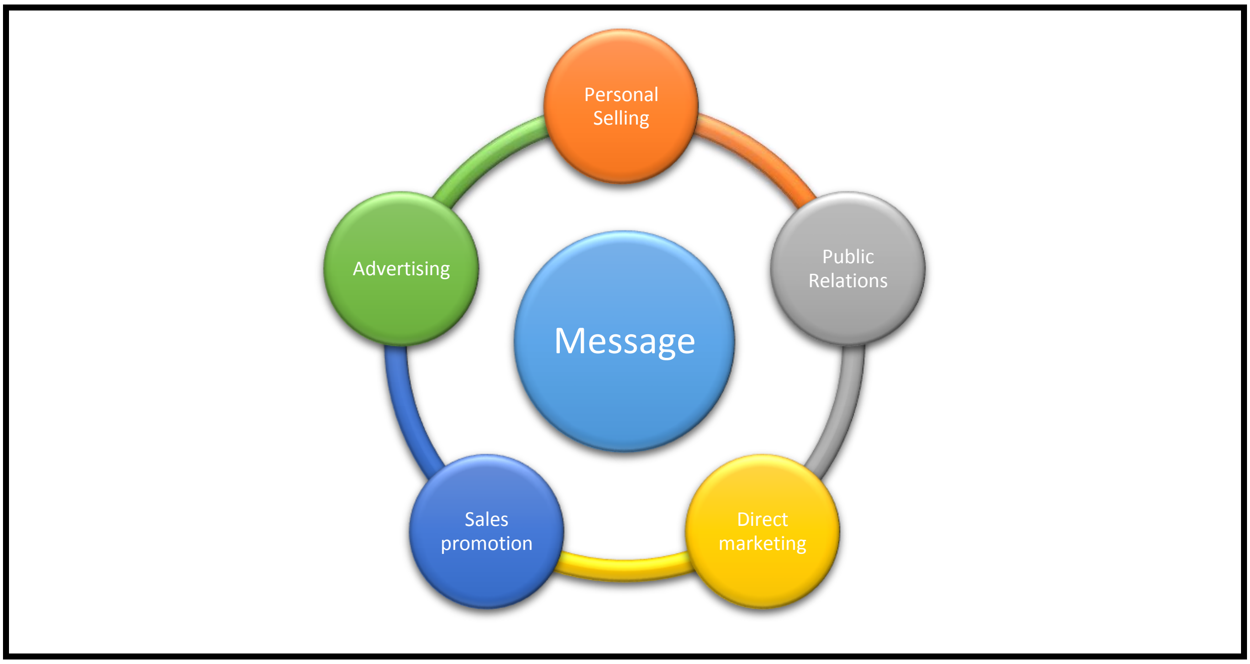


Figure 3.11 ***Integrated Marketing Communications*** **(Kotler, Armstrong, and Tait 2010: 96)**

Kotler and Armstrong (2010:421-445) assert that the promotion tools use specific communication techniques. A description of each of these elements is provided below.

3.25.1 Advertising

Hollenson (2010: 55) states that advertising refers to any paid form of presentation and promotion of ideas about an organisation, its goods and its services. Advertising is able to reach masses of people and it allows the seller to repeat the message. Verbal and non-verbal symbols are transmitted through a channel to a receiver with the objective of communicating an idea, change or reinforce and attitude or provide important information. Large scale advertising is seen as a positive promotion which the public is most likely to believe, however its downfall is that it is less persuasive.

3.25.2 Sales Promotion

According to Du Plessis, Van Heerdan and Cook (2010: 176) sales promotion consists of personal and impersonal short-term efforts aimed at the public to motivate them. Sales promotion includes communication activities to provide extra value or incentives to consumers to stimulate sales. Sales promotions therefore embrace activities to pull stakeholders together.

3.25.3 Public Relations

This element involves building sustainable relationships with organisations and various other publics. This is achieved by building a good corporate image. Public Relations also assist in handling unfavourable publicity and rumours. Toker and Kankotan (2008: 6) explain that public relations is a very unique and believable tool which should be incorporated into all organisations. The identification and segmentation of different stakeholders and fulfilling their communication needs is one of the main techniques of public relations.

3.25.4 Personal Selling

This involves a personal presentation by members of the organisation with the main aim of acquiring a sale or forging a relationship with the customer. Kotler and Armstrong (2010: 437) explain that personal selling is an efficient tool which can be used under certain circumstances. During personal selling, an interaction occurs between the person representing the organisation and a potential buyer. Persuasion is ultimately the core of personal selling.

3.25.5 Direct Marketing

Direct marketing can be described as an interactive system of marketing that involves the use of one or more advertising media to affect a measurable response. A variety of advertising techniques including (direct mail, the telephone, television, email and even mobile commercials) are use to encourage an immediate planned behavioural response in such a way that this behaviour can be recorded, analysed and stored on a database for future retrieval and use (Koekemoer 2011: 33).

The promotion mix element provides a range of techniques that can be used to communicate with the public, however another tool which can be considered is the use of social media. Many organisations have introduced social media as part of their marketing strategy. Fahy and Jobber (2012: 270) explain that “social media” is a term used when people interact and communicate via online software or with alternative electronic access technologies. With the use of social media, marketing can be seen as a two-way form of communication rather than the one way communication used in transactional marketing. These authors further explain that there any many social media tools, however organisations need to decide which type of social media best suits their needs. Listed below are some examples of social media tools blogs; micro blogs; Facebook; Twitter; YouTube; LinkedIn.

3.25.6 Mobile Marketing

Social media has the ability to assist non-profit organisations by breaking away from traditional messaging techniques and incorporating new innovative, creative ways to gain the attention of the public. Cruz (2011:1) asserts that people hear and see numerous messages daily and that the advertising space has become over saturated with messages. Keller (in Cruz 2011:2) explains that unlike, the television, magazines, newspapers and even the radio mobile marketing has unique advantages such as individuality , access and interaction.

Organisations including non-profit organisations need to consider mobile marketing as a tools that can be used to identify potential supporters, maintain current donors, and raise funds and awareness. Weideman (2012:56) informs that non-profit organisations often find limitations and restrictions when communicating, therefore by successfully incorporating new communication technology some of these limitations may be avoided and perhaps more exposure will be gained. Via mobile marketing, people are able to access information quickly and at any time.

3.25.7 Mobile trends and Statisics

Nowadays almost everyone carries a mobile phone. It has become one of the most important items an individual can own. Cruz (2011:4) explains that mobile phones serve as a communication tool. This tool allows an individual to make and receive calls, as well as send messages, surf the internet and play games. New mobile phones include more sophisticated features. Some of these features are instant messaging, email services, social networking. Cruz further explains that mobile phones provide comfort, convenience and reliability that people need in this fast paced technology driven world. Duff (2014:1) has identified the most popular social networks in South Africa. This information is presented in the table below.

Summary of the Top Social Media Platforms in South Africa

	Social Media Site	Users (2014)	Growth percentage
1	Facebook	11.8 million	25% growth
2	YouTube	7.2 million	53% growth
3	Twitter	6.6 million	20% growth
4	Mxit	4.9 million	-
5	LinkedIn	3.8 million	40% growth
6	Instagram	1.1 million	65% growth
7	Pinterest	840 000	-
8	Google+	No statistics available	

Table 3.5 South Africa's Most Popular Social Media Networks (Duff: 2014:1)

Wikstrom and Wigno (2010:7) explain that social media allows people to post and share content with the world instantly. These authors further state that, social networks such as Facebook, Twitter, YouTube and Blogs are seen by some organisations as the new powerful marketing tool. Ok (2010:22) explains that Facebook has over 300 million active users worldwide and some organisations have already started to use this platform as a method of communication. This implies that social media can be considered as another communication tool.

3.25.8 Social Media

Social media provides various platforms for organisations to capture the interest of customers whilst simultaneously building a brand image. Social media continues to grow at its fastest in developing countries. Baruah (2012: 3) explains that people are connected on a global scale and participate in each other's lives through online observations. The public increasingly looks to social media for research, reviews or comments. In addition, organisations can effectively use social media to reach dissatisfied consumers and to find innovative ways of improving service delivery.

It is imperative that when social media is incorporated in business activities a social media policy be developed. Karini (2009: 5) explains that the purpose of this policy is to shape the organisations presence on social networks. The policy should contain a social media strategy. The strategy should outline the objectives of using social media, as well as social media activities. When developing such a strategy, the organisations target market has to be defined, however others within the social network who may not be your target market, still could have a huge impact on your marketing efforts. Such people are referred to as potential influencers. Wikstrom and Wigno (2010: 12) explain that social media comprise of a large number of tools that can be used for online communication. This includes instant messaging, text chats, forums, wiki's, blogs and other social network services.

Elley in (Wikstrom and Wigno 2010: 13-15) mentions four key steps to follow when using social media. Listening is the first step which allows you to monitor conversations about your organisation. It helps in determining what your customer's think of you, what they want, what their problems and frustrations are. Networks such as Facebook, Twitter, Myspace, Flickr, LinkedIn should be monitored. Joining is the second step which enables one to understand the social network being joined. Many networks require you to have an account to participate in the discussions. Cruz (2011: 18) explains that to join a social network, a profile needs to be created. Thereafter an online connection needs to be created. This can be done by inviting others to join the social network. The author further explains that social networks work in the same way but may have different niche areas e.g. LinkedIn is business related whilst YouTube is a video network. The third step involves participating by replying and posting on forums and blogs, reviewing products and services you like. Karini (2009: 7) mentions that by participating you will be building your online brand. People online will respect you as a valuable contributor and will assist in promoting and the last step looks at creating or building your online brand, which will enable you to create your own content and will already have an audience to share it with.

Wikstrom and Wigmo (2010: 12) assert that the approach to be successful with marketing on social networks is to be creative and converse with the people before attempting to sell them anything. Zimmerman and Brown (2012: 259) state that organisations should utilise a social media team of at least one to five people. Public relations practitioners as well as marketers should form part of this team. Incorporating a social media team within an organisation can contribute positively in assessing the progress towards achieving the marketing and organisational goals, determining how strategies are performing and make necessary adjustments. Cruz (2011: 6-8) explains that social media is able to provide many opportunities for non-profit organisations operating in developing countries. Some of these opportunities include information being easily accessible to anyone who can see it. In developing countries this means that people in rural areas or with little access to services can now obtain educational, mobile health and financial services in ways that were impossible before mobile technology and the spread of social media. Langer (2014: 2) explains that social media provides real-time insight into the lives of people around the world. As a result, when major illnesses occur social media is often the first to know. The monitoring of social media can predict disease outbreaks and enable intervention strategies. Non-profit organisations can also utilise social media in empowering those at the bottom of the economic ladder and enhances the ability of poor populations to voice their opinions and generate change. Social media has had and continues to have a huge influence on all types of organisations. The use of social media to share and engage with others continues to grow rapidly. It is therefore advisable that organisations take advantage of this changing environment.

3.26 STRATEGIES FOR PERSUASIVE COMMUNICATION

Thill and Bovee (2015: 337) explain that a number of indirect models can be used by organisations to design persuasive communication. One of the best known models is the AIDA (attention, interest, desire and action) concept which is organised into four phases. Hollenson (2010: 85-86) describes the AIDA concept as follows: **Attention** is the phase in which non-profit organisations should engage their readers or listeners in way that encourages them to want to know more. **Interest** emphasizes the relevance of your message to your stakeholders. A detailed analysis should be provided highlighting the problem and solution. **Desire** is the third phase in which the stakeholders are encouraged to embrace the non-profit organisations suggestions by determining the benefits to them either on a personal or professional level. Lastly the non-profit organisation needs to suggest the a**ction** which they wish their stakeholders to take. Key information should be provided to the stakeholders which will enable them to take action.

3.27 CONCLUSION

This chapter has provided the literature based on marketing, relationship marketing and communication. Relationship marketing is not a series of transactions but rather a process used to retain customers. This implies that relationship marketing has a significant role to play in the non-profit sector. Due to the increase in competition for resources within this sector, there appears to be a greater appreciation for marketing and in particular relationship marketing. Critical questions that remain are to what extent relationship marketing applies to non-profit organisations and what are the key characteristics and the role of relationship marketing in non-profit organisations. The next chapter will discuss the methodology that will be employed in this study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

The previous chapter discussed the literature surrounding relationship marketing. It also highlighted the key components required for relationship marketing to be effective. Veal (2011: 4-5) explained that when research is conducted to investigate a research question or problem, data is collected from the objects of enquiry in order to solve the problem concerned. However, a crucial element in this connection is the research methodology that the researcher intends to use. This chapter therefore discusses the research methodology that will be employed to guide this research and enable the researcher to collect and analyse data. This chapter covers the research design, target population, data collection methods, pilot testing, reliability and validity and the analysis of data.

4.2 RESEARCH DESIGN

A research design can be defined as a plan or blueprint of how one intends to conduct the research. Selecting an appropriate design may be complicated by the availability of a variety of methods, techniques, procedures and sampling plans. Most research objectives can be achieved by using one of the three types of research designs, namely exploratory, descriptive or casual research designs (McDaniel and Gates 2014: 28).

Descriptive research was the research design selected for this study. Descriptive research utilises scientific methods and procedures to collect raw data and create data structures that describe the existing characteristics of the determined target population. Researchers are able to draw inferences about their customers, target markets and environmental factors. When selecting a descriptive research design, the researcher has to choose between a variety of methods; namely: case study, survey research, a secondary data simulation or an experiment (Hair, Bush and Ortinau (2006: 662). Descriptive research best suited this study as the researcher intends to investigate whether relationship marketing can be applied to the non-profit sector and to ascertain how non-profit organisations develop and maintain relationships with the key stakeholders. The target population comprise of members from within this sector and survey research in the form of questionnaires and interviews will be conducted.

4.3 RESEARCH METHODS

Research objectives and information requirements are key in determining which type of research design will be the most appropriate to use for collecting the primary data. Welman, Kruger and Mitchell (2005: 6-7) state that there are two approaches to research, which are quantitative and qualitative.

4.3.1 Quantitative data

Saunders, Lewis and Thornhill (2012: 162) maintain that quantitative research sets out to examine the relationship between variables. It is measured numerically and analysed using a range of statistical techniques. With quantitative research, data is collected in a standard manner; it is therefore important to ensure that the questions posed are expressed clearly and administered to a significantly large number of respondents. Hair *et al*. (2006:216) explain that the main goal of quantitative research is to provide specific facts which can be used by decision makers to make accurate predictions and verify or validate existing relationships. The researcher would then need to translate the collected numerical data into meaningful information.

4.3.2 Qualitative data

According to Veal (2011: 356) qualitative research is typically used to answer questions about the complex nature of phenomena, with the purpose of describing and understanding the phenomena from the participant's point of view. Qualitative methodology aims to provide an in-depth understanding into the problem and allows for triangulation of data. Hair *et al*. (2006: 216) mention that for qualitative research, researchers usually use open ended questions to allow for in-depth probing of the respondent's initial response. Furthermore, qualitative research can improve the efficiency of quantitative research by combining quantitative and qualitative research into a singly study.

A quantitative study was initially planned to explore the role of relationship marketing within non-profit organisations in KwaZulu-Natal. However the sole use of the quantitative methodology would have not sufficed in answering the critical questions of this study which were to analyse the extent to which relationship marketing applies to non-profit organisations; to identify and explain the role and key characteristics of relationship marketing and to examine the role of relationship marketing in non-profit organisations. Furthermore, in order to triangulate the data gathered with the quantitative methodology, it was necessary to make use of the qualitative data, thus leading to a mixed methodology for this study.

Bhattacharyya (2006:41) explains that the use of mixed methods has become increasingly popular as a means of utilising the strengths of both the qualitative and quantitative methodologies. According to Veal (2011:142-143) there are six mixed methodology design strategies namely sequential explanatory, sequential exploratory, sequential transformative, concurrent triangulation, concurrent transformative and concurrent nested. The sequential explanatory methods was used to expand on the findings of one methodology. In keeping with this, the researcher first conducted the quantitative study and thereafter triangulated the data using the qualitative study. The use of this methodology enhanced the research and provided appropriate answers to the critical questions set out in the research objectives.

4.4 TARGET POPULATION AND SAMPLING

Welman, Mitchell and Kruger (2005: 52) explain that the population is the study object and can consist of individuals or groups of organizations. To be able to study the target population, the researcher had to decide whether to use a census or a sample. Zikmund, Babin, Carr and Griffin (2013: 355) defined a census study as an investigation in which all of the elements of that population are used. It systematically acquires and records information about members of a given population. The South African Institute of Fundraising (2013: 1) provided a list of all non-profit organisations. As this study solely focused on the non-profit organisations in KwaZulu–Natal and with the size of the population being small (one province), a census study was suitable.

4.5 DATA COLLECTION METHODS

Data collection is a process that involves applying the selected measuring instrument to the selected population for investigations. Data was collected using both quantitative and qualitative methods and are further described below.

4.5.1 Quantitative data

Hair *et al*. (2006:661) assert that quantitative research involves data collection methods that emphasise the use of formalised structured questioning in which response options have been pre-determined by the researcher and administered to large numbers of respondents. In addition, statistical inferences can be drawn from the collected data. Veal (2011:192) mentions that the most common forms of quantitative data collection include experiments, case studies and surveys.

Survey research using questionnaires was used to collect the quantitative data. Questionnaires consisting of both open and closed questions was sent via a web survey to all 2338 non-profit organisations with an expected response number of 322. In order to achieve the required response rate, the questionnaire was e-mailed twice. Andres (2012: 51 – 52) states that with web surveys the respondents are invited to participate in the survey through e-mail contact. A covering letter is attached which describes the purpose of the survey. An advantage of a web survey is that the respondent can complete the survey in one or more sessions. The sequencing of questions can also be programmed into the survey. The questionnaires were formulated using the Likert scale. Bhattacharyya (2006: 119) explains that the Likerts scale method asks the respondents to respond to a certain number of questions and a response is provided to each question in the form of agreement or disagreement. He further explains that at one end of the scale is strong disapproval, whilst at the other end is strong approval and between them are many intermediate points. The survey was designed using E-Survey creator and followed the sequence of non-profit organisations, marketing, relationship marketing and communication. The questionnaire included open ended questions as well as close ended questions. The close ended questionnaire included relevant alternatives for the respondent to select.

4.5.2 Qualitative data

Qualitative data was collected using a face-to-face semi-structured interview schedule with the identified respondents. The interviews were imperative in drawing on the interviewee's perspective as they offered a valuable channel of collecting data on aspects and procedures that could not be understood using other means. The interview questions focused on key relationship marketing aspects associated to the non-profit sector derived from the literature review. Purposive sampling was used to select the respondents for the interviews. Welman *et al.* (2005: 69) explains that purposive sampling is the most important type of non-probability sampling. During this method the researchers rely on their experience, ingenuity or previous experience to obtain an analysis that will represent the relative population. Ten respondents who have knowledge of non-profit organisations and are employed within this sector were selected from the initial 2338 respondents. The researcher directed probing questions to the interviewees such as: *Can non-profit organisations assist in the country's development and transformation? Explain how this can be achieved: What strategies do you employ to ensure that your organisations stays relevant?* and *What do you believe is the true value of building relationships with key stakeholders?* The purpose of the interviews was to explore the interviewee's views about the role of relationship marketing at non-profit organisations.

4.6 MEASURING INSTRUMENT

The measuring instrument for this study was a survey questionnaire and an interview schedule. Both instruments were derived from the literature review and consisted of open-ended and close-ended questions.

4.7 ANALYSIS OF DATA

As this study incorporated a mixed methodology, the manner in which the quantitative and qualitative data was analysed is discussed below.

4.7.1 Analysis of quantitative data

Welman *et al*. (2012: 227) assert that quantitative data before being processed and analysed conveys very little meaning. Therefore, the data needs to be processed and transformed into codes. One of the most widely used statistical packages is the statistical packages for social sciences (SPSS) (Veal 2011: 418). For the purposes of this research data will be captured and analysed using the Statistical Package for Social Sciences (SPSS) version 23. Data will be presented in the manner described below:

4.7.1.1 Descriptive Statistics

Data display and data summaries are referred to as descriptive statistics. Kent (2007: 296) explains that descriptive statistics are the most efficient means of summarising the characteristics of large data sets. In addition, descriptive statistics describe the characteristics of a sample. A mean and standard deviation is calculated to describe the sample. The mean is the average most often used.

4.7.1.2 Frequencies and Percentages

McGivern (2006: 463) mentions that a frequency count refers to the number of time a value occurs in the dataset and the number of respondents who give a particular answer. Thereafter the frequency distribution shows how frequently each response occurs. Frequencies can be shown on pie charts or bar diagrams. The percentages are used to simplify the data into a standard numerical range and allows easy comparability (Kent 2007: 566).

4.7.1.3 Chi-Square Test

A chi-square test is one of the most basic tests for statistical significance and is deemed appropriate for testing hypotheses about frequencies arranged in a frequency or contingency table. The chi-square test produces a contingency coefficient which has a range of values that determine the strength of the association between variables (McGivern 2006: 483).

4.7.1.4 Factor analysis

McGivern (2006: 485) states that the aim of factor analysis is to reduce or summarise a large number of variables into a smaller set of factors. The analysis does this by looking for correlations or similarities in the data set.

4.7.1.5 Cronbach's Alpha

According to Kent (2007: 142) Cronbach's Alpha is not a statistical test, rather a coefficient of reliability. Alpha has effectively become the measure of choice for establishing reliability of multi-item scales. Mazzocchi (2008: 10) explains that Cronbach's Alpha takes the average correlation among items in a summated rating scale and adjusts for the number of items. Reliable scales are ones with high average correlations and a relatively large number of items. Cronbach's Alpha was used to measure internal consistencies and the reliability of the items included in the questionnaire.

4.7.2 Analysis of qualitative data

Braun and Clark (2006:1) explain that interviews have become a commonly used qualitative methodology for collecting data. Once the information is gathered, the researcher is faced with the decision on how to analyze the data. One such way is through thematic analysis. White (2003:24) describes thematic analysis as a method for identifying, analyzing and reporting on patterns (themes) within the data that is collected. Saunders *et al.* (2012: 498) explains that this process involves discovering themes from the interview transcripts. The researcher is required to read each interview transcript and make notes of the frequency of key words or phrases. Key words or phrases from all interviews are then transcribed, highlighting all important themes to focus on.

Braun and Clark (2006:1-2) maintain that once the themes have been selected, the next step is to build a valid argument for choosing the themes. This is done by reading and referring to related literature. By referring back to the literature, the interviewer can gain information that allows the researcher to make inferences from the interview. When the literature is interwoven with the findings, the story that the interviewer constructs is one that stands with merit. For this research, an interview schedule was developed and administered to the key stakeholders within the non-profit organisation. Data from the interview was transcribed verbatim and analysed using selected themes. The interviews allowed the researcher to get a broader understanding of non-profits view of relationship marketing. The open-ended questions were compiled purposely to add dimension to the data. The interviewer began the interviews with a view to making the interviewee comfortable. An explanation of the area of the study was provided and the nature of the interview was explained. Thematic analysis was used to interpret the results derived from the interview schedules. Common themes were identified and analysed from the interviews that were conducted. Thereafter, a comparative analysis was done between the results obtained from the interview schedules and the literature review and other studies that were conducted on relationship marketing.

4.8 VALIDITY AND RELIABILITY

According to Fink (2008: 116) validity refers to the degree to which a measure assesses what it is intended to measure. Literature is often consulted and used as a framework for validity. Questionnaires will be developed using the literature reviewed which will ensure content validity. Triangulation will be used to enhance confidence in the research findings. Bryman (2012: 89-91) identifies five types of triangulation namely data triangulation, investigator triangulation, theoretical triangulation, methodological triangulation and environmental triangulation. Data triangulation was used for this study. This type of triangulation provides the latitude to analyse various perspectives.

Data triangulation involves the use of different sources of information for a study in order to increase the validity of a study. These sources are likely to be stakeholders of the organisation. As the interview respondents were stakeholders within the non-profit sector data triangulation will be best suited for this study. The interviewee’s responses were collected and interpreted. This procedure required the researcher to document all research decisions and activities for later examination in determining the trustworthiness of the findings.

Babbie and Mouton (2001: 276 – 278) explain that trustworthiness is an approach that can be used to clarify the notion of objectivity in qualitative research. It can be assessed using four principles. The first principle is credibility which relates to the “compatibility between constructed realities that exist in the minds of the respondents and those that are attributed to them" (Babbie and Mouton, 2001: 277). One of the methods to achieve credibility is triangulation. The second principle is Transferability. Transferability is the "extent to which the findings can be applied in other contexts" (Babbie and Mouton, 2001: 277). Since qualitative research is not intended to generalize. It is the responsibility of the researcher who wishes to generalize these findings to assess their transferability. Consequently, sufficient detailed data was collected from the interview schedule.

The third principle is dependability which is similar to reliability. Bryman (2012: 33) explains that if a similar study were to be conducted with similar participants, then similar findings can be made. There can be no credibility without dependability and as credibility has been justified the findings have to be dependable. As this study is concerned with the role of relationship marketing at non-profit organisations, key stakeholders involved in these organisations were used as sources for information. Based on this, it can be said that the sources for information are credible and dependable. The fourth principle is conformity. Conformity refers to "the degree to which the findings are the product of the focus of the inquiry and not the biases of the researcher". An audit trail, which consisted of source material (tape recording, transcripts, and field notes and data collection instruments), was made available to assess the quality of the findings. Based on the information presented this study meets the requirements of trustworthiness. The triangulation approach and the trustworthiness approach ensured that the data collected and analysed were reliable and valid.

According to Fink (2008: 114) reliability is concerned with the extent to which the results of the study or a measure are repeatable in different circumstances. This in essence implies that reliability is the consistency or stability of the study. Reliability was achieved by keeping detailed notes on decisions made throughout the process which added to the studies credibility and therefore reliability. Specific themes are created to describe the data such as statements from interview transcripts and are confirmed by coded data for stability. However, as initially explained reliability implies that the study can be repeated with the same results. This was ensured with the use of a structured questionnaire and interview guide as well as keeping a database of the empirical data and by using computerised analysis techniques. Furthermore, the data gathered for the purpose of the study is used to answer the research questions.

4.9 PILOT TESTING

The pilot study ensured that challenges were dealt with early to avoid limitations in the main study. A pilot questionnaire was administered. The pilot test was conducted to ascertain if respondents were able to contribute efficiently to the study and in determining whether the questionnaire was easy to interpret. The pilot study allowed the researcher to evaluate the appropriateness of the research method and its suitability.

4.10 CONCLUSION

This chapter has outlined the methodological and substantive framework on which the study is based. It particularly expounded on the mixed methodology employed and the rationale for selecting this methodology. An overview of the questionnaire and in-depth interview techniques employed in ensuring the validity and reliability of the empirical findings were presented. The next chapter discusses the analysis of the research questionnaire, and interviews. Chapter five is an analytical chapter which focuses on the critical information acquired. In addition, data from the questionnaires and interview schedules will be analysed and discussed.

CHAPTER FIVE

PRESENTATION, ANALYSES AND DISCUSSION OF RESULTS

5.1 Introduction

The previous chapter has discussed and justified the methodology that was used to conduct the empirical study. This chapter commences with a detailed analysis of the quantitative data (questionnaires) and the interpretation of the results. The data collected from the responses is analysed using the Statistical Package for Social Sciences (SPSS) version 23.0. The analyses will present the descriptive statistics in the form of graphs, cross tabulations and other figures for the quantitative data that was collected. Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values. Thereafter the chapter will present the findings emanating from the thematic qualitative study (interviews). The results will be based on the common themes identified in the literature review and presented using graphic illustrations.

5.2 Quantitative analysis

The questionnaire was the primary tool that was used to collect data and was distributed to non-profit organisations in KwaZulu-Natal. The research instrument consisted of 148 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 5 sections which measured various themes as illustrated below:

Section A – Organisational Categories
Section B – Non-Profit Organisations
Section C – Marketing
Section D – Relationship Marketing
Section E – Importance of Marketing Communication

5.2.1 Reliability Statistics

The two most important aspects of precision are **reliability** and **validity**. Reliability was computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher is considered as “acceptable”.

The table below reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

Table 5.1 Cronbach's alpha score

	Number of Items	**Cronbach's Alpha**
Non-profit organisation (B1.1)	5 of 5	.708
Reasons for donors to donate (B1.2)	3 of 3	.602
Barriers affecting non-profit organisations (B1.3)	7 of 7	.802
Marketing at non-profit organisations (C1)	9 of 9	.681
Relationship marketing (D1.1)	7 of 7	.818
Relationship stages (D1.3)	4 of 4	.486
Components of relationship marketing (D2.1)	16 of 16	.719
Other relationship building components (D2.2)	6 of 6	.782
Importance of marketing communication (E2.1a)	6 of 6	.704
Frequency and efficiency of marketing communication (E2.1b)	16 of 16	.755
Benefits of using social media (E2.6.1)	9 of 9	.846
Manner in which social media assists a developing country (E2.6.2)	10 of 10	.827

The reliability scores approximates, and in some instances, exceeds, the recommended Cronbach's alpha value of 0.700, for a newly constructed construct. This indicates a degree of acceptable, consistent scoring for the various sections of the research. One of the remaining questions (Relationship stages - D1.3) has values below 0.500. Amongst the reasons for this are the following:

- The construct is newly developed
- Some statements were a collective of individual statements within the same sections

5.2.2 Factor Analysis

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing. If so, they can then be combined to create a new variable, a factor score variable that contains a score for each respondent on the factor. Factor techniques are applicable to a variety of situations. In practice the factors are usually interpreted, given names, and spoken of as real things. The matrix tables is preceded by a summarised table that reflects the results of Kaiser-Meyer-Olkin Measure (KMO) and Bartlett's Test. The requirement is that the KMO measures greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allows for the factor analysis procedure. Factor analysis is done only for the Likert scale items. Certain components are divided into finer components. This is explained below in the rotated component matrix.

Table 5.2 KMO and Bartlett's Test

	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Bartlett's Test of Sphericity		
		Approx. Chi-Square	df	Sig.
Non-profit organisation (B1.1)	.735	318.520	10	.000
Reasons for donors to donate (B1.2)	.583	128.779	3	.000
Barriers affecting non-profit organisations (B1.3)	.797	676.832	21	.000
Marketing at non-profit organisations (C1)	.663	422.657	36	.000
Relationship marketing (D1.1)	.850	919.124	21	.000
Relationship stages (D1.3)	.653	118.745	6	.000
Components of relationship marketing (D2.1)	.664	1374.417	120	.000
Other relationship building components (D2.2)	.790	536.270	15	.000
Importance of marketing communication (E2.1a)	.768	337.354	15	.000
Frequency and efficiency of marketing communication (E2.1b)	.775	1536.098	120	.000
Benefits of using social media (E2.6.1)	.872	891.876	36	.000
Manner in which social media assists a developing country (E2.6.2)	.828	976.239	45	.000

All of the conditions are satisfied for factor analysis. That is, the KMO measured greater than 0.500 and the Bartlett's Test of Sphericity sig. value should be less than 0.05.

Table: 5.3 Rotated component matrix: Non-profit Organisations

Non-profit Organisations (B1.1)	Component	
	1	2
Community based, voluntary and independent organisations or associations engaged in serving the needs of the public	.123	.836
Responsible for providing goods and services which are underprovided by the market or government	.174	.801
Key role players in the transformation of society	.786	.235
In developing countries Non-profit organisations have become a major economic force	.810	.082
No longer considered trivial and inconsequential	.802	.139

It is noted that the variables that constitute the section above (Table 5.3) load perfectly along a single component. This implied that the questions in the section measured what they set out to measure. It also implies that the respondents understand the intentions and meanings of these questions and have similar perceptions towards these questions. The high levels of scoring (0.836 and 0.801) indicate that respondents are aware of the important role which non-profit organisations play. The responses therefore align Bennett's (2005: 7) assertion that non-profit organisations are responsible for providing essential services to public.

Table: 5.4 Component matrix: Reasons for donors to donate

Reasons for donors to donate (B1.2)	Component
	1
The expectation that they will receive help when needed	.836
The need to adhere to social norms	.801
The need to assist out of guilt	.601

It is noted that the variables that constitute the section above (Table 5.4) load perfectly along a single component. This implies that the respondents understood the intentions and meanings of the questions and the question measured what it set out to measure. Non-profit organisations need to understand the reasons which compel their donors to donate. Table 5.4 provided respondents with the most common reasons for donors to donate. The expectation that they will receive help when needed scored the highest, thus aligning with the literature presented by Weideman (2010: 92).

Table: 5.5 Rotated component matrix: Barriers affecting non-profit organisations

Barriers affecting non-profit organisations (B1.3)	Component	
	1	2
Disinterest in funding the programme or development	.266	.587
Different ideas and implementation tactics	.354	.667
Reluctance of stakeholders to deal with difficulties	.789	.148
Technological advancement	.325	.707
Organisational Culture	.857	.156
Lack of donations	-.073	.847
Growing scrutiny by the public, media and other regulators	.768	.293

The section above (Table 5.5) loads along two components. This means that respondents identified with different trends within the sections relating to barriers which affect the non-profit organisations. Organisational culture and lack of donations achieved the highest scores of 0.857 and 0.847 respectively. This implies that these are the most common barriers affecting non-profit organisations. The results confirm Dobrai and Farkas (2012: 240) assertion that non-profit organisations need to become aware of the factors which prevent them from being successful and develop strategies to overcome such barriers.

Table: 5.6 Rotated component matrix: Marketing at non-profit organisations

Marketing at non-profit organisations (C1.1 – C1.3)	Component		
	1	2	3
Marketing is a process used by organisations to create value for customers and build strong relationships	.734	.093	.159
Marketing activities are employed at our non-profit organisation	.631	-.135	.294
Marketing activities will allow our organisation to attract new donors and stakeholders	.309	.498	-.296
Marketing has the ability to assist our non-profit organisation with various challenges	.803	.108	-.051
The main aim of marketing at our non-profit organisation is to persuade people	.364	.515	.336
Competition has become a major concern for our non-profit organisation	.117	.163	.775
Similar Non-profit organisations are our major competitors	.162	.072	.867
Government agencies are our competitors	-.032	.797	.148
Private organisations are our competitors	-.068	.754	.109

The section above (Table 5.6) indicates that the different groups of respondents show similar views towards the role of marketing at the non-profit organisation and in determining who their competitors are. Literature presented by Clearly (2003: 2) suggests that non-profits need to employ marketing techniques which will allow them to enhance their business performance and gain a competitive edge. Furthermore, Table 5.6 identifies similar non-profit organisations as the main competitor to non-profit organisations.

Table: 5.7 Rotated component matrix: Relationship Marketing

Relationship Marketing (D1.1)	Component	
	1	2
Relationship marketing refers to activities which are directed towards establishing, developing and maintaining successful relational exchanges	.753	.109
Non-profit organisations should establish and maintain relationships with their stakeholders	.836	-.127
Our non-profit organisation is enthusiastic about forming long-term relationship with stakeholders	.788	.007
Building relationships could be advantageous for our non-profit organisations	.813	-.018
Internal stakeholders play a pivotal role in successfully implementing relationship strategies	.794	.105
Relationship marketing creates values for customers	.710	.122
Customer relationship marketing is the same as relationship marketing	.043	.989

The section above (Table 5.7) loads along two components. Respondents therefore identified different trends with the question which focused on relationship marketing. The results support Gummesson (2002: 9) statements in that relationships are central business practices.

Table: 5.8 Component matrix: Relationship Stages

Relationship stages (D1.2)	Component
	1
Initiating Relationships	.638
Developing Relationships	.728
Maintaining Relationships	.765
Ending Relationships	.505

It is noted that the variables that constitute the section above (Table 5.8) loads perfectly along a single component. The information reflected in Table 5.8 highlights the importance of the different relationships stages. High levels of responses were noted for all the variables provided except "ending relationships". It is assumed that respondents felt that this stage of a relationship is not important.

Table: 5.9 Rotated component matrix: Components of relationship marketing

Components of relationship marketing (D2.1)	Component 1	2	3	4	5
To succeed in any business, ethics should be compromised	.439	.471	.103	.302	-.340
We keep our stakeholders informed of new developments	.208	-.005	.209	.131	.738
Stakeholders communicate their expectations of our organisation to us	.050	.021	.017	.102	.760
To accomplish our objectives we may slightly alter facts	.035	.142	.882	.032	.152
Promise to do things without actually doing them later	.080	.162	.866	-.098	.024
We are committed to our organisation	.214	.163	-.176	.462	.302
Our stakeholders cannot be trusted	-.130	.762	.111	-.035	-.194
Our stakeholders can be counted upon	.730	.027	.255	.159	.033
Our stakeholders have high integrity	.703	-.009	.166	.327	.039
In the future our non-profit organisation will likely comply and work better with stakeholders	.108	.151	.095	.707	.024
In the future, differences of opinion will be viewed as "Just doing Business"	.058	.769	.107	-.058	.224
We are confident in making future decisions	.559	-.116	.014	.401	.120
Cooperation between local, regional and national stakeholders is of great importance to us	.021	-.169	-.096	.754	.098
We are in the process of terminating relationships with certain stakeholders	.080	.776	.080	.085	.050
Customer loyalty can be established through implementing relationship marketing?	.672	.085	-.175	.032	.090
Loyal Customers are profitable to an organisation?	.694	.027	-.006	-.188	.133

The section above (Table 5.9) identifies different components (sub-themes). This indicates that respondents have identified different trends within the section. Table. 5.9 highlights the components necessary for establishing and maintaining relationships. These components support the literature presented by Veloutsou (2002: 437) in chapter three. The different trends imply that non-profit organisations place emphasis on different relationship building components.

Table: 5.10 Rotated component matrix: Other relationship building components

Other relationship building components (D2.2)	Component	
	1	2
Time	.317	.723
Emotional intensity	.842	.064
Mindfulness	.734	.347
Diversity	.303	.713
Respect	-.019	.839
Reciprocity	.830	.186

As per the discussion in chapter three, non-profit organisations can make use of various components to build relationships. The findings reflected in Table 5.10 highlight other relationship building variables. Many respondents believe that emotional intensity and respect are essential to building relationships with stakeholders.

Table: 5.11 Rotated component matrix: Importance of marketing communication

Importance of marketing communication (E2.1)	Component	
	1	2
Communication plays an integral role in our non-profit organisation	.009	.829
Different communication tools are utilised to ensure that the stakeholders are reached	.247	.668
Social media has had an impact on our non-profit organisation	.643	.359
Social media offers our organisation a cost-effective way to develop relationships with stakeholders	.693	.218
The incorporation of social media has enhanced and improved our communication efforts	.681	.405
Social media should be used for business purposes	.783	-.223

The responses reflected in table 5.11 indicate that communication is essential in the success of non-profit organisations. Findings associate with the literature provided by Dimitrov (2009:9) who has mentioned that communication is a valuable resource for non-profit organisations. Furthermore, non-profit organisations are available to communicate with their stakeholders by using different communication tools as well as social media communication tools.

Table: 5.12 Rotated component matrix: Frequency and efficiency of communication tools

Frequency and efficiency of communication tools (E2.2)	Component			
	1	2	3	4
Advertising (Television and Radio)	.026	.860	.079	-.078
Advertising (Newspapers and Magazines)	-.111	.938	.018	.018
Flyers and brochures	-.169	.639	-.026	.392
Roadshows and trade fairs	-.235	.833	.178	.084
Direct Marketing	.817	-.219	-.064	-.127
Personal Selling	.839	-.040	.151	-.192
Telephonic Calls	.796	-.114	.111	-.097
Facebook	-.108	.088	.001	.849
WhatsApp	.734	-.423	.025	.189
Twitter	-.138	.095	.073	.893
SMS	.809	-.004	.168	-.099
BBM	.732	.171	.404	-.067
Blog	-.078	.699	.274	.473
Websites	.011	.529	.381	.080
You-tube	.219	.179	.871	-.018
Instagram	.223	.125	.900	.114

Kotler and Armstrong (2010: 421) identify a series of communication tools known as the integrated marketing communication tools. This section examines the tools used by non-profit organisations to communicate with their stakeholders. It has been found that Advertising (print and electronic), Facebook, twitter and personal selling are the common communication tools used by non-profit organisations.

Table: 5.13 Component matrix: Benefits of using social media

Benefits of using social media (E2.6)	Component 1
Social media ensures that my organisation has stronger visibility	.722
Encourages my stakeholders to follow my organisation on more than one site	.727
Reaches my stakeholders where they are; and speak to them in the language, tone and style that appeals to them	.753
Allows for the creation of community boards for key stakeholders to engage with me	.611
Empowers employees to share approved content to their trusted networks	.652
Fosters loyalty	.572
Viewed as a form of personal communication	.665
Take my activities across more than one social network	.627
Stronger connections with high-valued stakeholders are formed	.703

When being asked about the benefits of using social media (Table 5.13), the respondents showed similar views towards “stronger organisation visibility”, “following stakeholders on more than one site”, “Reaches my stakeholders where they are” and “stronger connections are formed”. The responses align to the literature presented by Wikstrom and Wigno (2010:9) who have indicated that social media is a powerful communication tool which is able to connect organisations and stakeholders.

Table: 5.14 Rotated component matrix: Manner in which social media assists developing countries

Manner in which social media assists developing countries (E2.6.2)	Component	
	1	2
Solving local challenges	.159	.702
Allowing communities to buy into new innovations	.421	.555
Building online community support	.360	.592
Economic empowerment	-.032	.801
Provides real time insights into the lives of people around the world	.608	.333
Facilitates communication on social issues	.744	.231
Publicises the vision, mission and purpose of the non-profit organisation	.692	.245
Enhances the ability of poor populations to voice their opinions	.614	.242
Possess the power to connect people and empower change	.794	.056
Proves a new dimension to the non-profit causes	.701	.027

The section above (Table 5.14) loads along two components (sub-themes). This implies that the respondents identify with the trends within the table. High trends can be noticed towards “economic empowerment”, Connecting people and empowering change” and facilitating communication issues on social issues”. These trends are aligned to Wikstrom and Wigno (2010: 7) which are cited in chapter three. The remaining responses show similar trends as identified by Ok (2010: 25) who affirms that social media has proven to be advantageous to non-profit organisations.

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. With reference to the table above:

- The principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors.
- Factor analysis/loading show inter-correlations between variables.
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components.

It is noted that the variables that constituted Section B1.2, D1.3 and E2.6 loaded perfectly along a single component. This implies that the statements in the section measured what they set out to measure. The remaining sections loaded along 2 to 5 components (sub-themes). This means that respondents identified different trends within the section.

5.2.3 Section Analysis

The section that follows analyses the scoring patterns of the respondents per variable per section. Where applicable, levels of disagreement (negative statements) were collapsed to show a single category of “Disagree”. A similar procedure was followed for the levels of agreement (positive statements). The results are first presented using summarised percentages for the variables that constitute each section. Results are then further analysed according to the importance of the statements and are categorised under Section A –E.

5.2.3.1 Section A: Organisational Categories

Table 5.15 indicates the sector/level/category in which the non-profit organisation operates.

Table 5.15: Organisational categories

					Indicate the sector within which your non-profit organisation operates		
					Non-Profit	Private Enterprise	Public
Indicate the level within which your non-profit organisation operates	Local	Identify the current stage of development of your non-profit organisation	Start Up	Count	79	0	20
				Subtable Valid N %	40.1%	0.0%	10.2%
			Emerging	Count	54	0	1
				Subtable Valid N %	27.4%	0.0%	.5%
			Expansion	Count	10	0	0
				Subtable Valid N %	5.1%	0.0%	0.0%
			Growth	Count	32	1	0
				Subtable Valid N %	16.2%	.5%	0.0%
	Regional	Identify the current stage of development of your non-profit organisation	Start Up	Count	31	1	3
				Subtable Valid N %	35.2%	1.1%	3.4%
			Emerging	Count	33	1	0
				Subtable Valid N %	37.5%	1.1%	0.0%
			Expansion	Count	4	0	0
				Subtable Valid N %	4.5%	0.0%	0.0%
			Growth	Count	12	3	0
				Subtable Valid N %	13.6%	3.4%	0.0%
	National	Identify the current stage of development of your non-profit organisation	Start Up	Count	1	0	0
				Subtable Valid N %	3.4%	0.0%	0.0%
			Emerging	Count	8	1	1
				Subtable Valid N %	27.6%	3.4%	3.4%
			Expansion	Count	9	0	0
				Subtable Valid N %	31.0%	0.0%	0.0%
			Growth	Count	8	1	0
				Subtable Valid N %	27.6%	3.4%	0.0%
	International	Identify the current stage of development of your non-profit organisation	Start Up	Count	0	0	0
				Subtable Valid N %	0.0%	0.0%	0.0%
			Emerging	Count	0	0	0
				Subtable Valid N %	0.0%	0.0%	0.0%
			Expansion	Count	2	0	0
				Subtable Valid N %	40.0%	0.0%	0.0%
			Growth	Count	3	0	0
				Subtable Valid N %	60.0%	0.0%	0.0%

Findings have revealed that 40.1% of the local non-profit organisations fall within the start-up phase. This indicates that local non-profit organisations are able to provide the necessary services in response to the needs of their community. Table 5.15 further indicates that certain non-profit organisations operate on local, regional, national and international platforms. This affirms Dobrai and Farkas (2012: 33) assertions that non-profit organisations go through various phases in their development and ultimately non-profit organisation should aim to expand their operations to reach a wider target audience. This implies that non-profit organisations usually start off operating locally and thereafter should expand their operations into regional, national and international platforms.

A matter of concern noted, is that although 40.1% was achieved in the start-up phase only 16.2% enter into the final growth phase. Clearly (2003: 8-9) has provided various reasons for the decline of non-profit organisations. Some of these include resources, competition and management structures. Just like other organisations types, non-profit organisations grow and change. It therefore becomes imperative that non-profit organisation assess the lifecycle stage of their organisations. This will then assist them in improving and sustaining their organisation.

5.2.3.2 SECTION B: Non-profit organisations

This sections highlights the respondents understanding of non-profit organisations as well as their reflections on why donors donate and key barriers affecting the success of non-profit organisation.

5.2.3.2.1 Non-profit Organisations (B1.1)

Figure 5.1 Non-profit organisations

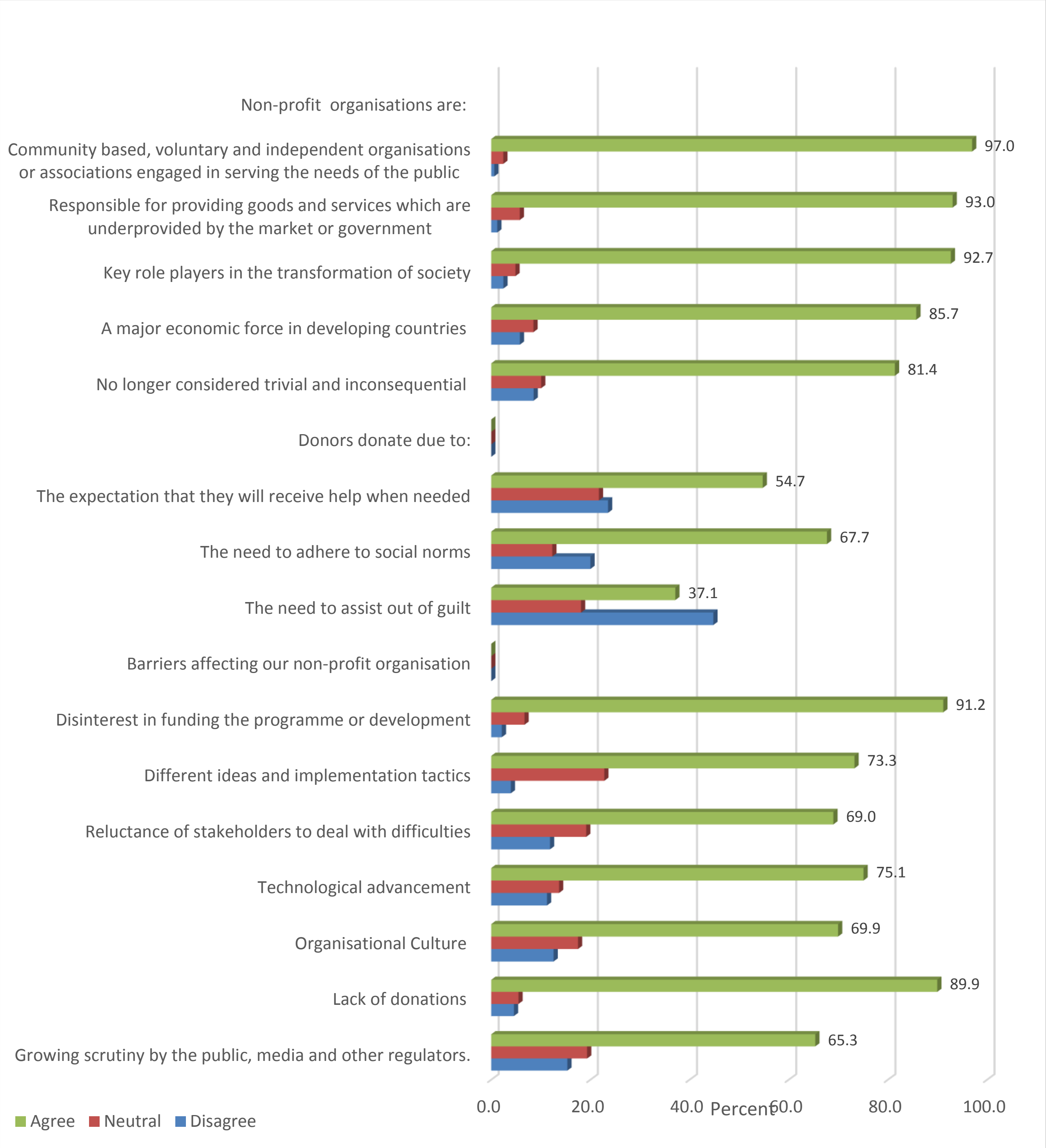


Figure 5.1 illustrates that the respondents are aware of the role that non-profit organisations play and have played during South Africa’s transition period. This is indicated in the fairly high level of agreement percentages as to what non-profit organisations are. On average, 90.0% of the respondents score along similar principles. The responses are therefore aligned to Jacana Media’s (2012: 4) assertion that non-profit organizations allow people to join together and combine resources to achieve common goals and respondents are aware of the importance of these organisations.

The reasons why donors donate are varied. The levels of agreement for the first two statements “donors donate due to the expectation that they will receive help when needed” and “the need to adhere to social norms” are lower than the previous sections, with the third statement in this section “the need to assist out of guilt” showing higher levels of disagreement. This implies that the non-profit organisation are unaware of the reasons why their stakeholders donate funds or other resources to their non-profit organisation. It was surprising to note that the 67.7% of the respondents believe that donors usually donate to adhere to social norms.

There are similar consistent levels of scoring agreement regarding barriers. These values are however slightly lower than those for the first sub-section. Respondents were provided with various alternatives as suggested by Worth (2008: 12) regarding possible barriers to non-profit organisations. Figure 5.1, shows that the sustainability of donors and donations (89.9%) and the disinterest in non-profit funding programmes (91.2) is a major concern for non-profit organisations. There are various determinants which could hamper the success of all types of organisations. Non-profit organisations therefore need to incorporate changes which will assist them in overcoming the barriers that affect them.

To determine whether the scoring patterns per statement was significantly different, a single variable chi-square test was done. The results are shown below.

Table: 5.16 single variable chi-square test

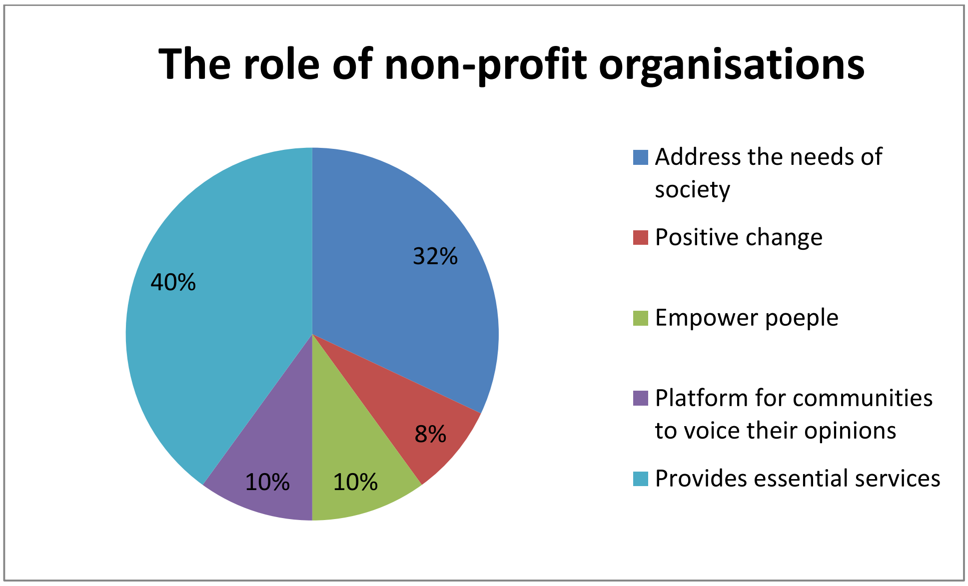
Test Statistics	**Chi-Square**	**df**	**Asymp. Sig.**
Community based, voluntary and independent organisations or associations engaged in serving the needs of the public	601.527	2	0.000
Responsible for providing goods and services which are underprovided by the market or government	530.236	2	0.000
Key role players in the transformation of society	520.195	2	0.000
In developing countries Non-profit organisations have become a major economic force	406.584	2	0.000
No longer considered trivial and inconsequential	341.165	2	0.000
The expectation that they will receive help when needed	67.596	2	0.000
The need to adhere to social norms	175.538	2	0.000
The need to assist out of guilt	36.926	2	0.000
Disinterest in funding the programme or development	494.567	2	0.000
Different ideas and implementation tactics	253.447	2	0.000
Reluctance of stakeholders to deal with difficulties	190.93	2	0.000
Technological advancement	258.261	2	0.000
Organisational Culture	197.748	2	0.000
Lack of donations	472.982	2	0.000
Growing scrutiny by the public, media and other regulators	151.037	2	0.000

All of the sig. values (p-values) are less than 0.05. The null hypothesis claims that the frequencies per option for each variable is the same. This means that the observed scoring patterns per variable was different.

5.2.3.2.2 The role of non-profit organisations in meeting the needs of societies

Most of the respondents (40%) indicated that non-profit organisations are responsible for providing essential services, whilst 32% of the respondents mentioned that non-profit organisations are responsible for addressing the needs of society. A further 10% of the respondents indicated that non-profit organisations provide a platform for communities to voice their opinions and another 10% of the respondents indicated that non-profit organisations empower people. A minority of the respondents (8%) mentioned that non-profit organisations are able to *bring about positive change*. The findings support Novatorov (2010:22) who makes mention that non-profit organizations have been established with the aim of providing public services to communities where they operate, allowing them to become intermediaries between communities and the government. Results therefore suggest that non-profit organisations have been developed to serve the needs and empower the communities within which they operate. These organisations play a pivotal role in providing opportunities and facilitating socio-economic growth.

Figure 5.2: The role of non-profit organisations

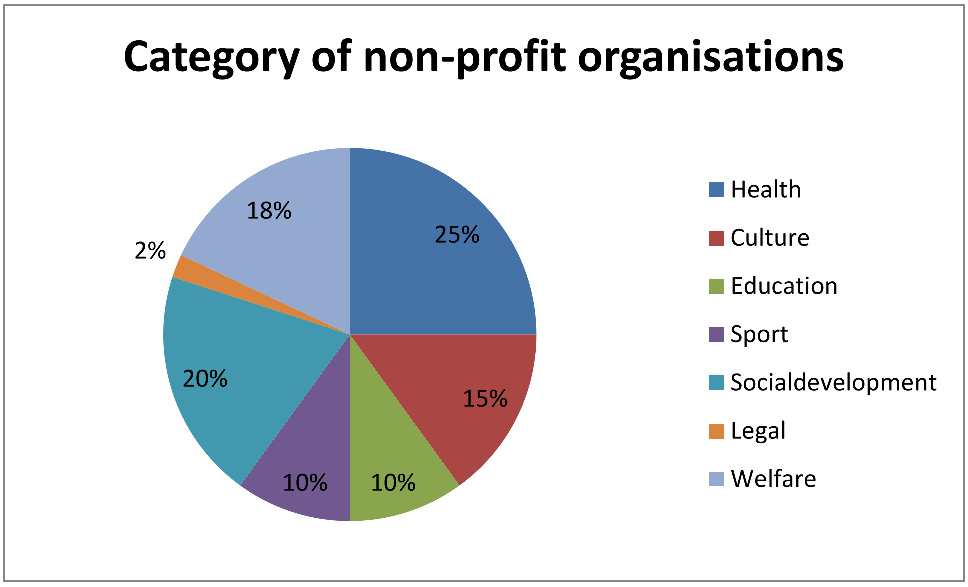


.

5.2.3.2.3 The category within which non-profit organisation operate

Findings reflect that 25% of the non-profit organisations operate in the health sector and 20% in the social development sector. Figure 5.3 further illustrates that 18% of the non-profit organizations belong to the Welfare and 15% in culture. A minority of these organisations operate in the sport sector (10%), 10% in the education sector 2% indicated Legal sector. The findings are in line with Jacana Media (2012: 8) assertions that non-profit organisations are responsible for providing useful and specific services to society. The findings are further supported by the Department of Social Development which has mentioned that non-profit organisations are designed to fulfil a particular purpose and promote public good and the various sectors of non-profit organisations therefore allow for the diverse needs of society to be met.

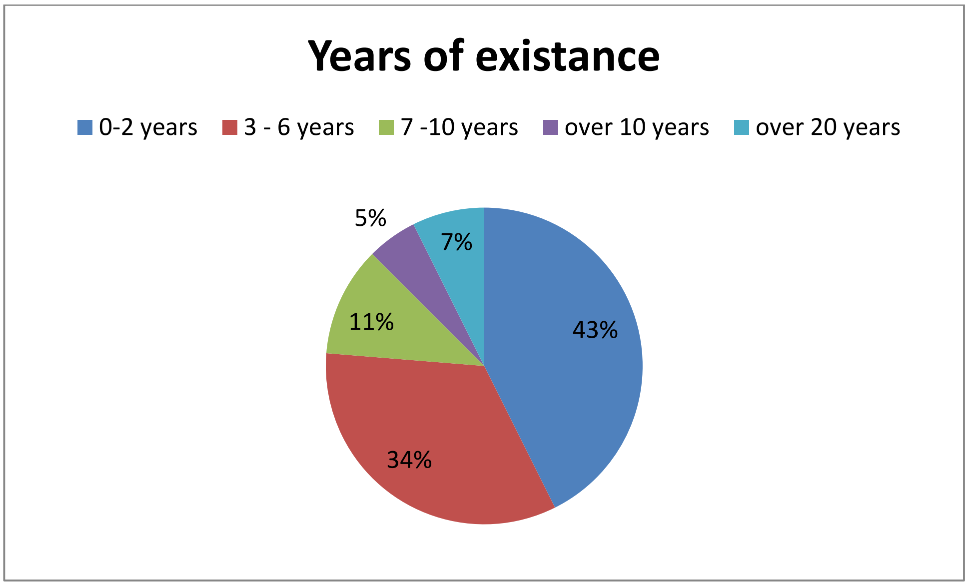
Figure 5.3: Category of non-profit organisations



5.2.3.2.4 The number of years that the non-profit organisation has been in existence

Many of the respondents (43%) have indicated that their non-profit organisation has been in existence for *0-2 years*; another 34% of the respondents mentioned that they are in existence for the past *3-6 years*. Furthermore, 11% of the respondents indicated *7-10 years*, 7% mentioned *over 20 years* whilst a minority (5%) indicated over *10 years*. The findings are compatible with Gautier *et al.* (2013: 2) who mentions that a non-profit organisation will go through various phases and it therefore becomes imperative that goals are met for the successful growth and development of non-profit organisations. This description shows that many of the non-profit organisations fall within the start-up phase. During this stage it is important that organisations research and plan their programs accordingly. In addition, the possibility does exist for non-profit organisations to grow and develop their operations either regionally, nationally or internationally.

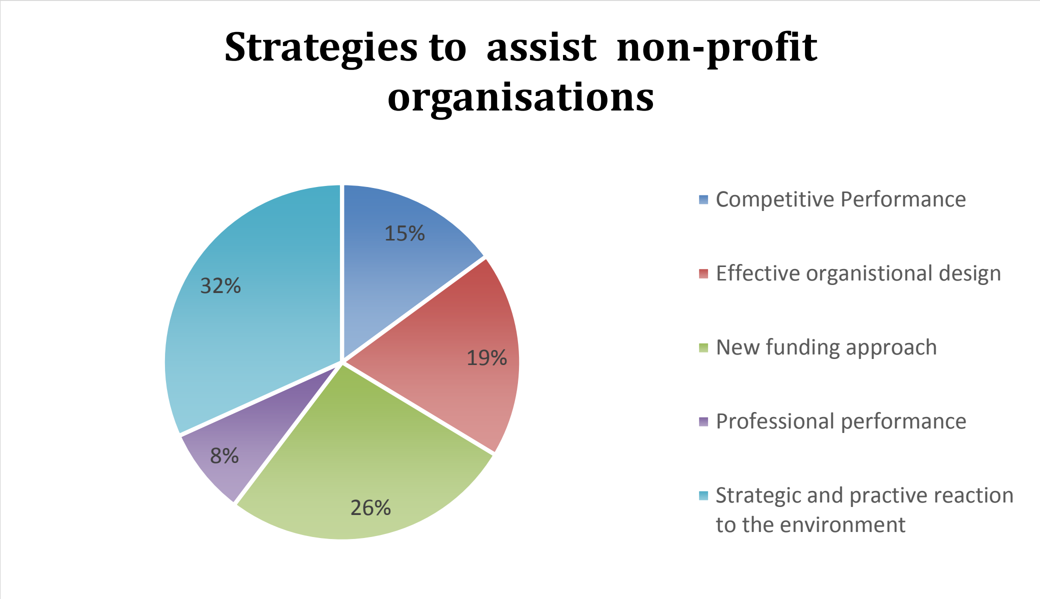
Figure 5.4: Years of existence



5.2.3.2.5 Strategies that can be employed to assist a non-profit organisation

Most of the respondents (32%) stated that strategic and proactive reaction to the environment is essential, a further 26% of the respondents mentioned a new funding approach should be implemented, whilst 19% of the respondents highlighted effective organisational designs. In addition, 15% of the respondents mentioned competitive performance and 8% indicated professional performance. The responses are supported by Apaydin (2011: 6) who mentions that it is essential that non-profit organisations apply different strategies within their operations to survive in a very competitive environment.

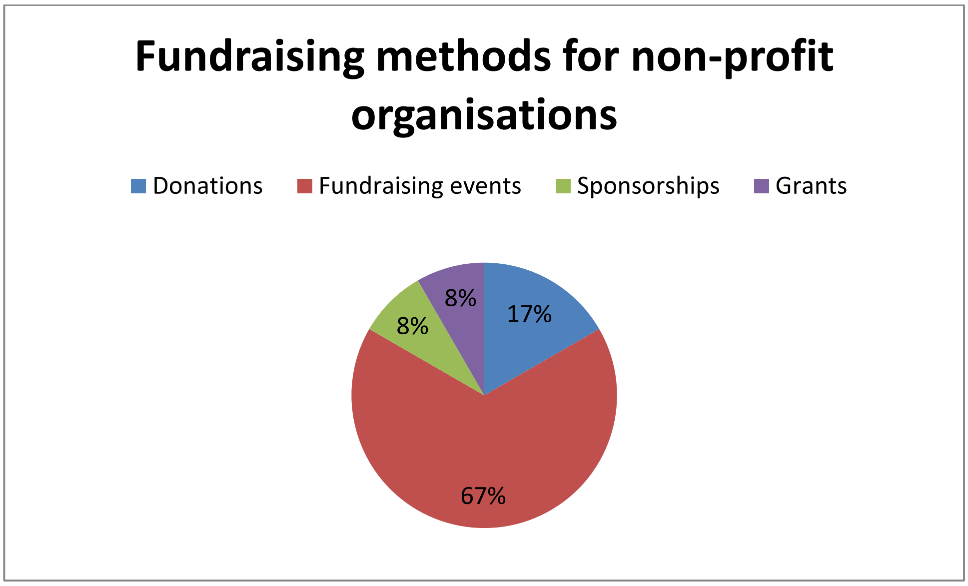
Figure 5.5: Strategies that can be employed to assist non-profit organisations



5.2.3.2.6 Fundraising methods employed by non-profit organisations

Majority of the respondents (67%) mention *fundraising events* as their central funding methods, 17% of the respondents stated *donations*. A minority of the respondents (8%) indicated *grants* whilst another 8% mentioned *sponsorships*. The Department of Social Development (2006: 6) makes mention that non-profit organisations are encouraged to raise funds for their organisations which will assist them in achieving their mission and goals. The results further associate with Bennett (2015:17) who has indicated that, due to the increase of competition within the non-profit sector it is essential that non-profit organisations use innovative techniques to acquire funds and resources. Thus it is crucial that non-profit organisations implement different tools of raising funds to support their services.

Figure 5.6: Fundraising methods for non-profit organisations



5.2.3.2.7 Current stage of development for non-profit organisations

Table 5.17 gives number of years that the non-profit organisation has been in existence and its current stage of development.

Table 5.17

			Identify the number of years that your non-profit organisation has been in existence					Total
			0 - 2	3 - 6	7 - 10	11 - 20	> 20	
Identify the current stage of development of your non-profit organisation	Start Up	Count	130	5	0	0	0	135
		% within Identify the number of years that your non-profit organisation has been in existence	96.3%	4.6%	0.0%	0.0%	0.0%	42.3%
	Emerging	Count	4	89	5	1	0	99
		% within Identify the number of years that your non-profit organisation has been in existence	3.0%	82.4%	12.2%	6.3%	0.0%	31.0%
	Expansion	Count	0	0	3	10	12	25
		% within Identify the number of years that your non-profit organisation has been in existence	0.0%	0.0%	7.3%	62.5%	63.2%	7.8%
	Growth	Count	1	14	33	5	7	60
		% within Identify the number of years that your non-profit organisation has been in existence	0.7%	13.0%	80.5%	31.3%	36.8%	18.8%
Total		Count	135	108	41	16	19	319
		% within Identify the number of years that your non-profit organisation has been in existence	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The chi square results presented in Table 5.18 indicates that there is a significant relationship between the variables. That is, the number of years has played a role in terms of the current stage of development. It is evident that the longer existing non-profit organisations have higher frequencies in the growth and expansion dimension.

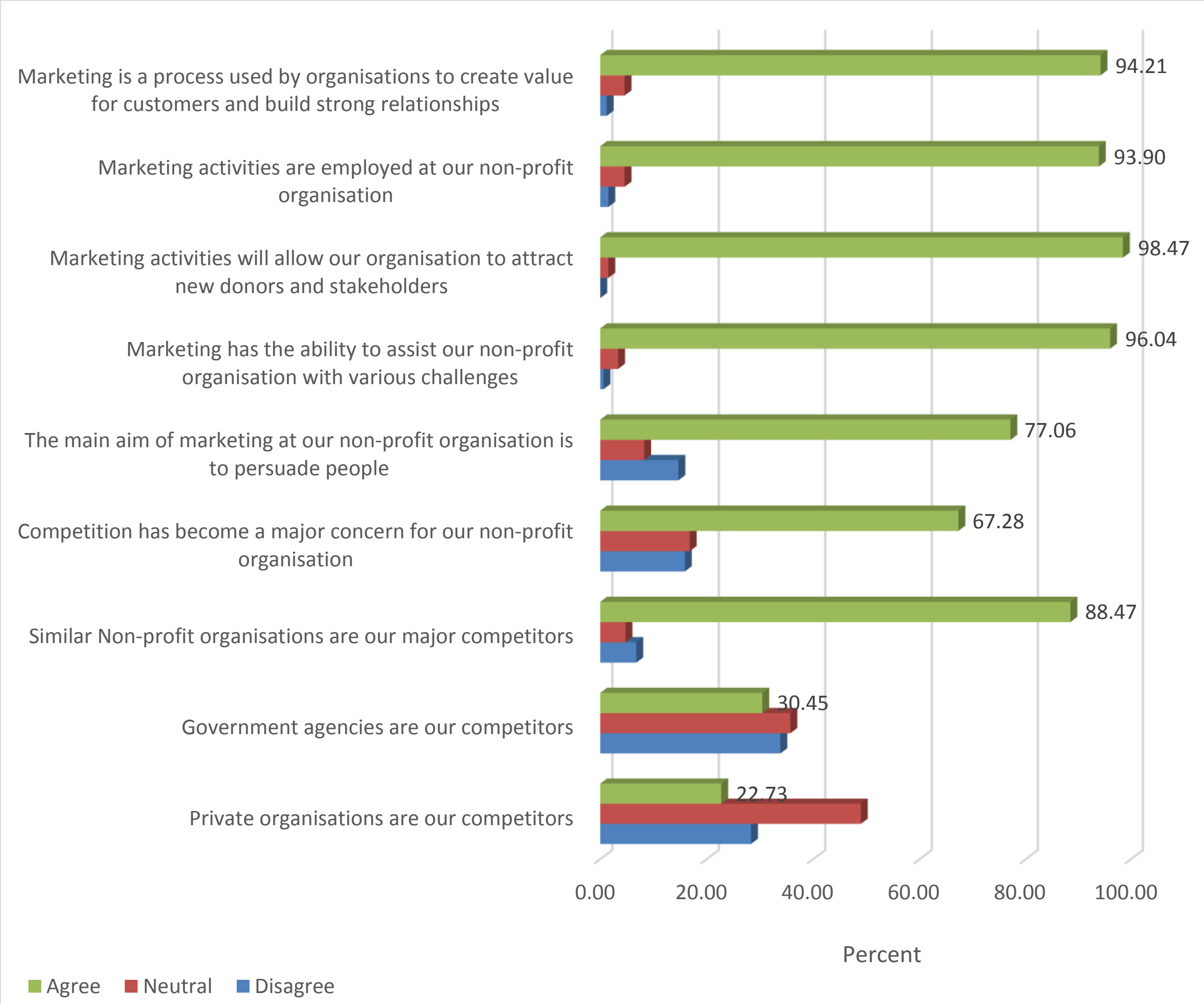
Table 5.18 Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	568.410	12	.000
Likelihood Ratio	518.877	12	.000
Linear-by-Linear Association	192.310	1	.000
N of Valid Cases	319		

5.2.3.3 SECTION C: Marketing (C1.1)

Figure 5.7 illustrates a high level of agreement between the variables except for the last two variables. This is therefore an indication that competition has become a major problem for non-profit organisations and similar non-profit organisations are seen to be their main competitors as opposed to government agencies or other private organisations. The findings are aligned to Token and Kankotan (2008:2) who have mentioned that non-profit organisations do not sell any products, but rather their mission, vision as well as programs and services. They ought to therefore ensure active promotion of their services to ensure financial support and to survive in a competitive environment.

Figure: 5.7 Marketing at non-profit organisations



The chi square tests indicating the scoring patterns are identified in Table 5.19.

Table 5.19 Chi Square tests

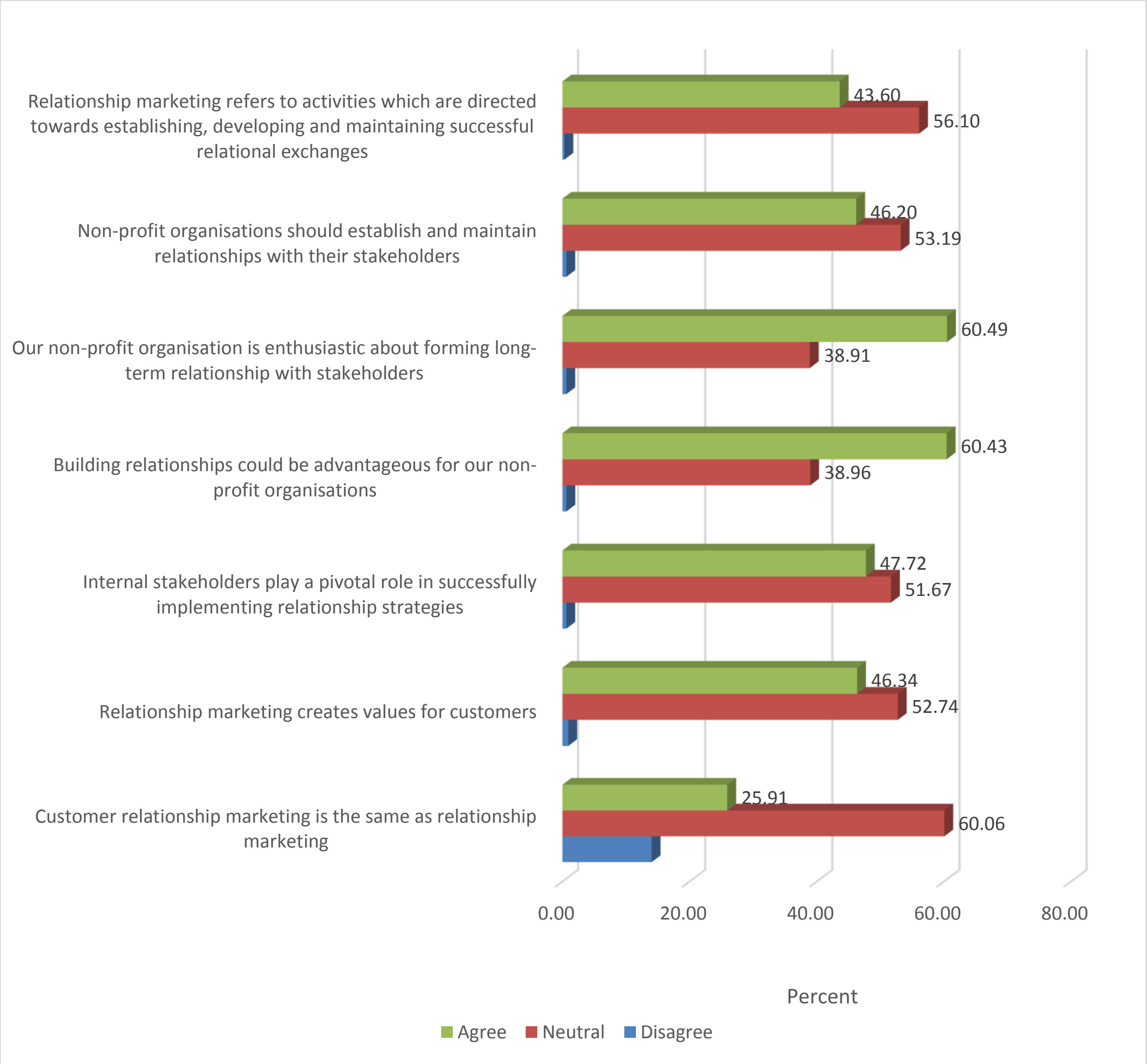
	Chi-Square	df	Asymp. Sig.
Marketing is a process used by organisations to create value for customers and build strong relationships	547.506	2	.000
Marketing activities are employed at our non-profit organisation	541.945	2	.000
Marketing activities will allow our organisation to attract new donors and stakeholders	307.306	1	.000
Marketing has the ability to assist our non-profit organisation with various challenges	580.689	2	.000
The main aim of marketing at our non-profit organisation is to persuade people	283.431	2	.000
Competition has become a major concern for our non-profit organisation	169.596	2	.000
Similar Non-profit organisations are our major competitors	403.817	2	.000
Government agencies are our competitors	1.135	2	.567
Private organisations are our competitors	32.734	2	.000

The chi square results presented in Table 5.19 indicate that there is a significant relationship between the variables describing the concept of marketing. The difference in the scoring patterns refers to trends identified by the respondents.

5.2.3.4 SECTION D: Relationship marketing

This section is aims to identify the respondent's familiarity with relationship marketing.

Figure 5.8 Relationship marketing



Many respondents acknowledge that establishing and maintaining relationships is important; this has been illustrated in Figure 5.8. The levels of disagreement are low across all statements. However, a large number of respondents remained neutral or uncertain. This is an indication that respondents may still be uncertain regarding the implementation of relationship marketing within their non-profit organisation. Furthermore, many respondents implied that customer relationship management and relationship marketing were the same principles. Literature suggests that these are two different concepts. Relationship marketing is concerned with establishing and maintaining relationships whilst customer relationship management is concerned with data entered onto web based computer systems to identify new sales leads and potential new product or service areas.

The chi square p-values are shown below.

Table: 5.20 Test Statistics

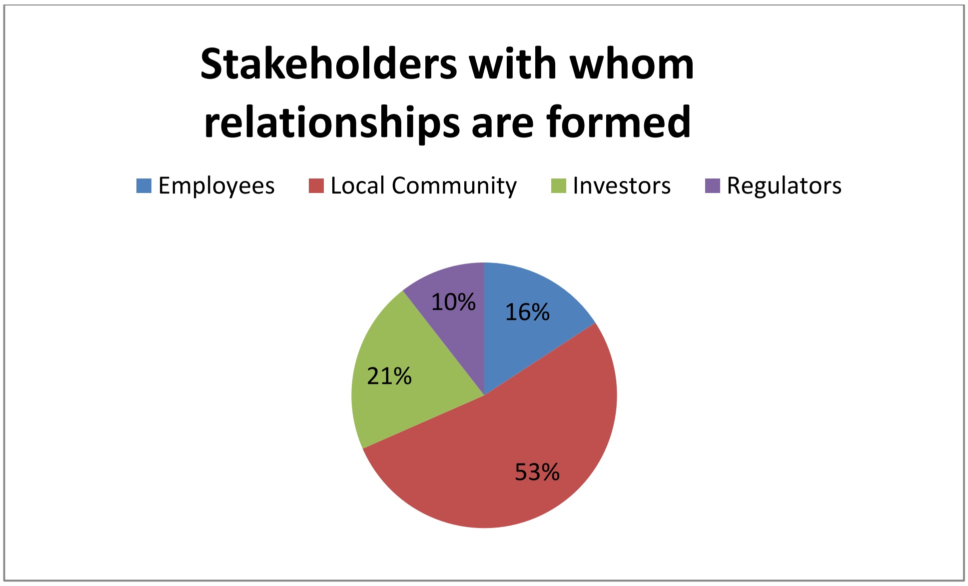
	Relationship marketing refers to activities which are directed towards establishing, developing and maintaining successful relational exchanges	Non-profit organisations should establish and maintain relationships with their stakeholders	Our non-profit organisation is enthusiastic about forming long-term relationship with stakeholders	Building relationships could be advantageous for our non-profit organisations	Internal stakeholders play a pivotal role in successfully implementing relationship strategies	Relationship marketing creates values for customers	Customer relationship marketing is the same as relationship marketing
Chi-Square	168.701[a]	160.967[b]	181.538[b]	179.601[c]	159.325[b]	157.140[a]	112.396[a]
df	2	2	2	2	2	2	2
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.000

To determine whether the differences in the scoring patterns per statement were significant, chi-square tests were done by variable (statement). Since all of the sig.value are less than 0.05 (The level of significance), it implies that the distribution were not even. That is, the difference between agreed and disagreed statements were significant.

5.2.3.4.1 The stakeholders with whom relationships have been formed

Majority of the respondents (53%) have indicated that they have formed relationships with their *local community*, whilst 21% of the respondents mentioned having formed relationships with the *investors*. In addition, 16% of the respondents mentioned *employees* and very few respondents indicated *regulators*. These findings are consistent with Macmillan *et al*. (2005:6), mention that the non-profit are dependent on resources from various stakeholders and therefore it is essential that strong relationships are formed with these stakeholders. Stakeholders should be considered as a valuable asset as they are responsible for providing the necessary support and positive contribution needed to shape and fulfil non-profit organisations objectives. By continuously engaging and interacting with stakeholders, non-profit organisations are able to understand their expectations and communicate more effectively.

Figure 5.9 Stakeholders with whom relationships are formed



5.2.3.4.2. Importance of the relationship stages

Table 5.21: Importance of relationship stages

	Not important		Slightly important		Important	
	Count	Row N %	Count	Row N %	Count	Row N %
Initiating Relationships	0	0.0%	2	0.6%	321	99.4%
Developing Relationships	0	0.0%	1	0.3%	320	99.7%
Maintaining Relationships	0	0.0%	8	2.5%	313	97.5%
Ending Relationships	83	25.6%	114	35.2%	127	39.2%

Almost all respondents indicated that initiating, developing and maintaining relationship statements were important, with an even spread across the options except for the last statement which focused on ending relationships. However, the differences were significant as indicated in the table below.

The chi-square p-value are as follows:

Table 5.22: Tests Statistics

	Initiating Relationships	Developing Relationships	Maintaining Relationships	Ending Relationships
Chi-Square	315.050[a]	317.012[b]	289.798[b]	9.463[c]
df	1	1	1	2
Asymp. Sig.	.000	.000	.000	.009

Based on the Table 5.21 and 5.22, it is evident that very little importance is given to ending of relationships. The analysis affirms the assertion of Little and Marandi (2006: 95) that more attention is provided to the manner in which relationships are established and maintained as opposed to ending relationships. It is vital that equal importance be given to the termination of relationships. Non-profit organisations should attempt to engage with stakeholders to query their decisions for ending the relationships. Feedback from this engagement can be used to improve the non-profit organisations relationships.

5.2.3.4.3 Components of the relationship marketing model

The following is a summary of the scoring for the key components of relationship marketing.

Table: 5.23 Components of relationship marketing

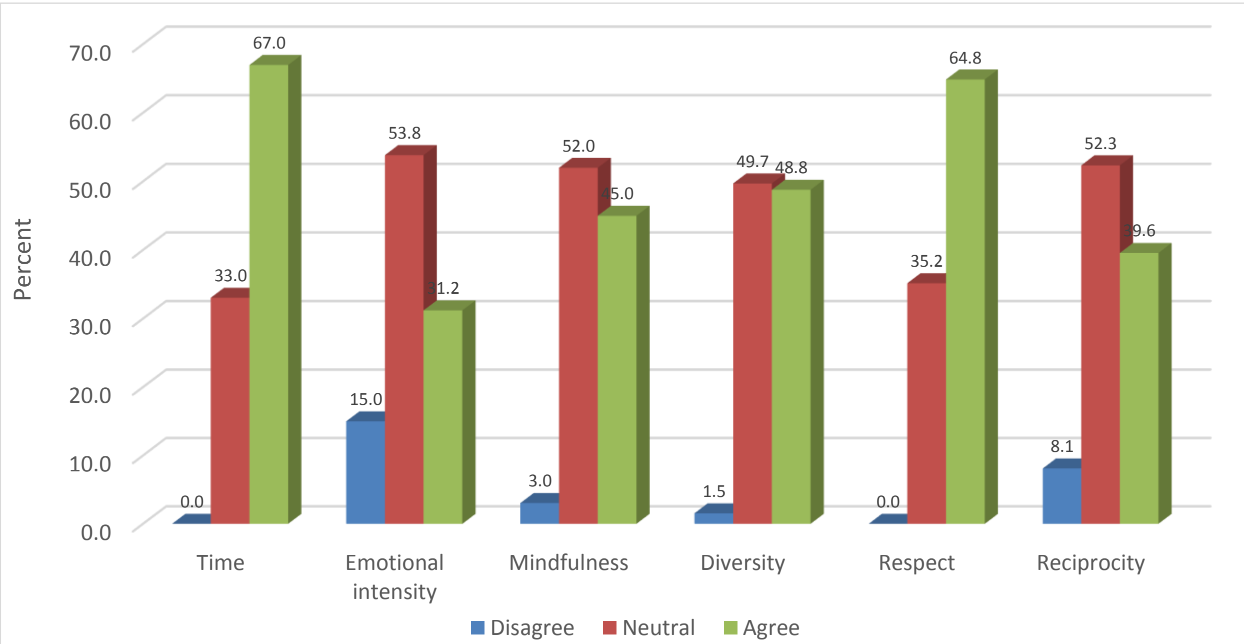
	Disagree		Neutral		Agree	
	Count	Row N %	Count	Row N %	Count	Row N %
Shared Values						
To succeed in any business, ethics should be compromised.	267	80.90	6	1.80	57	17.30
Communication						
We keep our stakeholders informed of new developments	0	0.00	6	1.80	323	98.20
Stakeholders communicate their expectations of our organisation to us.	8	2.40	24	7.30	298	90.30
Opportunistic Behaviour						
To accomplish our objectives we may slightly alter facts	293	88.80	17	5.20	20	6.10
Promise to do things without actually doing them later	311	94.80	4	1.20	13	4.00
Relationship Commitment						
We are committed to our organisation	3	0.90	4	1.20	322	97.90
Trust						
Our stakeholders cannot be trusted	258	79.60	17	5.20	49	15.10
Our stakeholders can be counted upon	12	3.70	23	7.10	290	89.20
Our stakeholders have high integrity	0	0.00	28	8.50	301	91.50
Acquiescence						
In the future our non-profit organisation will likely comply and work better with stakeholders.	12	3.60	38	11.50	280	84.80
Functional Conflict						
In the future, differences of opinion will be viewed as "Just doing Business"	168	51.10	64	19.50	97	29.50
Uncertainty						
We are confident in making future decisions	5	1.50	17	5.20	307	93.30
Cooperation						
Cooperation between local, regional and national stakeholders is of great importance to us.	5	1.50	8	2.40	317	96.10
Propensity to leave						
We are in the process of terminating relationships with certain stakeholders.	252	76.40	31	9.40	47	14.20
Loyalty						
Customer loyalty can be established through implementing relationship marketing~~?~~	2	0.60	7	2.10	321	97.30
Loyal Customers are profitable to an organisation	3	0.90	6	1.80	321	97.30

The findings reflected in Table 5.23 indicate the components necessary for building relationships. The chi square tests indicate that all of the p-values are less than 0.05, implying that the differences amongst the options were significant. Responses show that 98% of the respondents believe that communication is an important aspect related to relationship building followed by commitment (97.9%). The findings presented correlate with Veloutsou (2002: 437) who affirms that communication plays a central role in providing an understanding of the stakeholder's intentions and capabilities thus forming the foundation for relationship development. The high level of commitment shows that non-profit organisations are willing to maintain their relationships and invest in further developing these relationships. In addition, non-profit organisations operate ethically, are confident in the decisions that they make and agree that building relationships is key in establishing success at non-profit organisations.

5.2.3.4.4 Other components used to build relationships with stakeholders.

It is noted that all variables have higher levels of agreement compared to disagreement, but a large proportion of the respondents were uncertain for each aspect. Therefore this implies that non-profit organisations need to reflect on key elements required to build and maintain relationships with their key stakeholders. Godson (2011:337) has identified these component as additional relationship building tools. The results therefore suggest that each non-profit organisation has perhaps prioritized different relationship building components for implementation.

Figure 5.10 Other components required for building relationships with stakeholders



The chi square values indicate the following:

Table 5.24 Test statistics

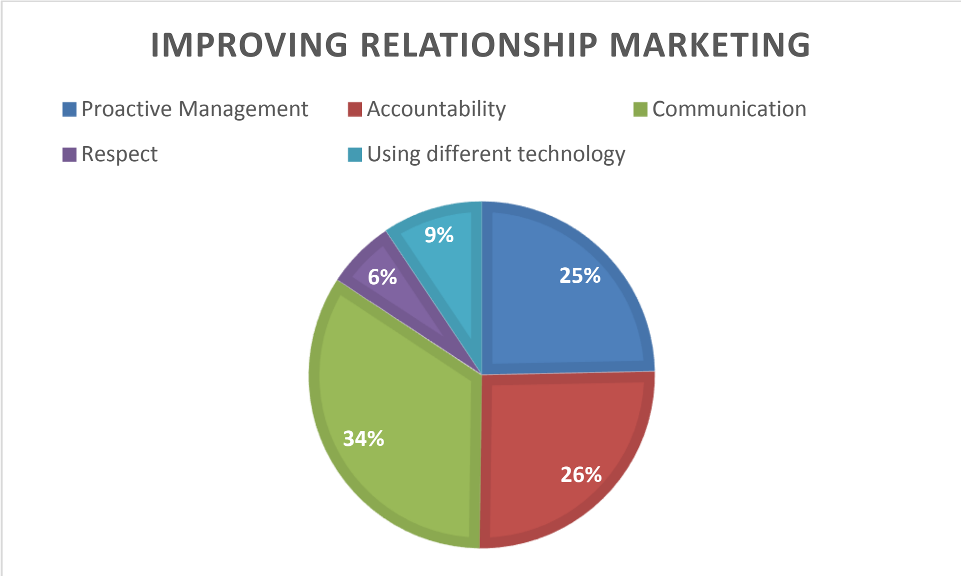
	Time	Emotional intensity	Mindfulness	Diversity	Respect	Reciprocity
Chi-Square	38.012	74.661	138.280	148.387	29.103	99.832
df	1	2	2	2	1	2
Asymp. Sig.	.000	.000	.000	.000	.000	.000

The significance value is expected due to the low levels of agreement and the higher levels of the other two options.

5.2.3.4.5 Improving relationship marketing at non-profit organizations

Many of the respondents (34%) mention that *communication* is an essential component for improving relationships, another 23% of the respondents indicated the importance of *accountabilit*y, whilst 25% of the respondents indicated that importance of having a *proactive management*. Furthermore, 9% of the respondents pointed out that the use of various *technologies* can be useful and, and 6% of the respondents listed *respect* as a strategy for improvement. The results are compatible with Groonroos (2002: 264) who has stated that building and maintaining relationships can be regarded as valuable assets in today's turbulent business environment. Non-profit organisations should constantly strive to improve on their internal and external relationships. Not only will this be seen as beneficial, but stakeholders will respond positively to the proactive strategies employed by the non-profit organisations. Furthermore, communication is an essential tool used for managing relationships with key stakeholders. The advances in new media and computer technologies has tremendous advantages thus the benefits of understanding and applying communication strategies to relationship building has never been greater.

Figure 5.11 Improving relationship marketing



5.2.3.5 SECTION E: Marketing Communication

This section investigates the importance of communication on building relationships with stakeholders as well as the use of social media by non-profit organisations.

5.2.3.5.1 The importance of marketing communication

The success of an organisation is directly proportional to the level of communication maintained by it. The results are compatible with Andreason (2002:4) who has mentioned that effective communication enhances the potential of non-profit organisations and acts as a motivating force for greater efficiency and productivity. Good communication promotes better understanding between key stakeholders which is pivotal for the competitive environment within which non-profit organisations operate. Furthermore, the increase of social media communication tools enables organisations to turn communication into interactive dialogues. Thus the levels of significant support (p = 0.000) for each of the statements indicate the respondents are aware of the importance of communication and the advantages of communicating using social media communication tools.

Figure 5.12 Importance of marketing communication

5.2.3.5.2 Frequency and efficiency of communication tools

Table 5.25 below reflects that the communication tools identified scored higher percentages indicating that a variety of tools are currently being used by non-profit organisations. Facebook appears to be the communication tool most frequently used on a daily basis (80.1%), whilst advertising (newspaper and magazines) appeared with the highest scoring in the weekly communication tools. Furthermore, flyers and brochures (67.3%) were identified as the commonly used communication tool on a weekly basis.

Table 5.25 Frequency of usage of communication tools

	Daily		Weekly		Monthly		Annually		Never	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
Advertising (Television and Radio)	51	16.1%	166	52.4%	36	11.4%	64	20.2%	0	0.0%
Advertising (Newspapers and Magazines)	6	1.9%	209	64.9%	61	18.9%	46	14.3%	0	0.0%
Flyers and brochures	10	3.2%	27	8.6%	212	67.3%	66	21.0%	0	0.0%
Road shows and trade fairs	1	0.3%	2	0.6%	17	5.3%	298	93.7%	0	0.0%
Direct Marketing	6	2.0%	37	12.3%	62	20.5%	197	65.2%	0	0.0%
Personal Selling	11	3.6%	44	14.3%	52	16.9%	200	65.1%	0	0.0%
Telephonic Calls	51	16.9%	29	9.6%	27	9.0%	194	64.5%	0	0.0%
Facebook	246	80.1%	34	11.1%	11	3.6%	16	5.2%	0	0.0%
WhatsApp	80	27.0%	14	4.7%	6	2.0%	196	66.2%	0	0.0%
Twitter	206	69.6%	28	9.5%	6	2.0%	56	18.9%	0	0.0%
SMS	19	6.0%	45	14.2%	46	14.5%	207	65.3%	0	0.0%
BBM	17	5.7%	24	8.0%	11	3.7%	247	82.6%	0	0.0%
Blog	46	15.4%	79	26.5%	18	6.0%	155	52.0%	0	0.0%
Websites	178	56.0%	47	14.8%	36	11.3%	57	17.9%	0	0.0%
You-tube	8	2.8%	6	2.1%	28	9.8%	244	85.3%	0	0.0%
Instagram	76	27.2%	11	3.9%	5	1.8%	187	67.0%	0	0.0%

In addition, Table 5.26 has identified Facebook as the most effective communication tool used by non-profit organisations. Other communication tools with a higher efficient scoring are flyers and brochures (85.4%), Advertising (television and radio) (81.3%) and Advertising (newspapers and magazines) (81.2%). The findings are consistent with Barker *et al* (2013: 184) who has mentioned that Facebook is most often cited as the ideal first option for organisations who aim to establish a social media presence. It is therefore apparent that many non-profit organisations are using Facebook as a communication tool to engage with the stakeholders and audiences. Furthermore, Table 5.26 illustrates very low scores for You-tube. Duff (2014:1) suggests that You-tube is the second most popular social media communication tool. It can therefore be noted that many non-profit organisations are not utilising this communication tool effectively and may not be aware of the advantages associated with using You-tube as a communication tool.

Table 5.26 Efficiency of communication tools

	Inefficient		Neutral		Efficient	
	Count	Row N %	Count	Row N %	Count	Row N %
Advertising (Television and Radio)	31	12.1%	17	6.6%	208	81.3%
Advertising (Newspapers and Magazines)	30	11.3%	20	7.5%	216	81.2%
Flyers and brochures	6	2.4%	30	12.2%	210	85.4%
Roadshows and trade fairs	38	16.1%	10	4.2%	188	79.7%
Direct Marketing	77	34.7%	58	26.1%	87	39.2%
Personal Selling	88	39.5%	58	26.0%	77	34.5%
Telephonic Calls	87	40.3%	43	19.9%	86	39.8%
Facebook	7	2.8%	10	4.0%	231	93.1%
WhatsApp	78	35.9%	42	19.4%	97	44.7%
Twitter	17	7.8%	28	12.8%	174	79.5%
SMS	88	41.3%	54	25.4%	71	33.3%
BBM	98	51.9%	52	27.5%	39	20.6%
Blog	47	22.7%	36	17.4%	124	59.9%
Websites	33	13.7%	15	6.2%	193	80.1%
You-tube	53	29.6%	86	48.0%	40	22.3%
Instagram	52	26.5%	87	44.4%	57	29.1%

5.2.3.5.3 Reasons for using social media

Table 5.27 indicates that the two most common uses of social media were to promote the non-profit organisation (35%) and communicate with external stakeholders (35%). Social media technologies are widely believed to offer organisations a powerful means to improve their communications, processes and performance. It also provides a cost effective way to engage online with stakeholders. The results align with the literature presented by Barker *et al.* (2013: 331) indicating that social media has numerous benefits. By non-profit organisations employing social media into their operations, they will be able to further create awareness for the cause, communicate with key stakeholders and engage with the public. Non-profit should also communicate with their internal stakeholders via social media. Results suggest that only 14% of the non-profit organisations are currently doing so.

Table 5.27 Uses of Social Media

	Count	Percent
Promote non-profit organisation	117	35.45
Communicate the external stakeholders	115	34.85
Communicate with internal stakeholders	49	14.85
Research competing non-profit organisation	27	8.18
Most convenient form	1	0.30
Not well at all	1	0.30
Don't use social media	1	0.30
Other	1	0.30
All of the above	12	3.64

5.2.3.5.4 Responsibility of maintaining the non-profit organisations social media profiles

Table 5.28 reflects that many non-profit organisations have assigned their administration staff the responsibility to update and maintain their social media sites. This variable achieved the highest scoring of 54.5%. The responses contradict Hopwood *et al.* (2011: 202-206) assertion as non-profit organisations need to allocate time to regularly engage with their online communities. It has been further suggested that a team be developed to monitor and engage with the non-profit organisations stakeholders on the various social media profiles which the organisation has.

Table 5.28 Social Media Responsibility

	Frequency	Percent
Administrative Staff	180	54.55
Marketing / Communication Staff	87	26.36
Shared across departments	46	13.94
No one	6	1.82
All staff have access	1	0.30
Don't use social media	1	0.30
Effective communication	1	0.30
PR Practitioner	1	0.30
The director/ school principal fund raiser all one person	1	0.30
Volunteers	1	0.30

5.2.3.5.5 Benefits of using social media

The high levels of agreement in Table 5.30 supports the literature presented by Al-Hersh *et al.* (2014: 80) in that social media is able to provide numerous opportunities for non-profit organisations. Communication is of the utmost importance as it maintains and sustains relationships. The results therefore suggest that the successful incorporation of social media will enable non-profit organisations to build brand loyalty in a manner which is highly successful, efficient and cost-effective. In addition, social media communication can reduce cost whilst enhancing target audience reach. Stakeholders will be able to gain more knowledge regarding the non-profit organisation, the services that they offer and support can be established to build stronger relationships.

Table 5.30 Benefits of Social Media

	Disagree		Neutral		Agree	
	Count	Row N %	Count	Row N %	Count	Row N %
Benefits of using social Media to build and sustain relationships						
Social media ensures that my organisation has stronger visibility	1	.3%	159	48.8%	166	50.9%
Encourages my stakeholders to follow my organisation on more than one site	5	1.5%	183	56.1%	138	42.3%
Reaches my stakeholders where they are; and speak to them in the language, tone and style that appeals to them	2	.6%	134	41.1%	190	58.3%
Allows for the creation of community boards for key stakeholders to engage with me	10	3.1%	150	46.2%	165	50.8%
Empowers employees to share approved content to their trusted networks	11	3.4%	184	56.6%	130	40.0%
Fosters loyalty	12	3.7%	174	53.5%	139	42.8%
Viewed as a form of personal communication	17	5.3%	141	43.7%	165	51.1%
Take my activities across more than one social network	2	.6%	146	44.9%	177	54.5%
Stronger connections with high-valued stakeholders are formed	10	3.1%	143	44.1%	171	52.8%
Social media can assist a developing country in						
Solving local challenges	32	9.8%	200	61.2%	95	29.1%
Allowing communities to buy into new innovations	7	2.1%	179	54.7%	141	43.1%
Building online community support	3	.9%	144	44.0%	180	55.0%
Economic empowerment	48	14.7%	139	42.5%	140	42.8%
Provides real time insights into the lives of people around the world	24	7.3%	145	44.3%	158	48.3%
Facilitates communication on social issues	0	0.0%	158	48.5%	168	51.5%
Publicises the vision, mission and purpose of the non-profit organisation	2	.6%	111	34.0%	213	65.3%
Enhances the ability of poor populations to voice their opinions	8	2.5%	147	45.1%	171	52.5%
Possess the power to connect people and empower change	5	1.5%	148	45.4%	173	53.1%
Proves a new dimension to the non-profit causes	5	1.6%	148	46.3%	167	52.2%

5.2.4 Correlations of the quantitative analysis

Bivariate correlation was also performed on the (ordinal) data. The results indicate the following patterns.

The correlation value between "Organisational Culture" and "The expectation that they will receive help when needed" is 0.525. This is a directly related proportionality. Respondents indicate that the better the organisational culture, the more likely respondents will receive help, and vice versa.

A correlation also existed between "Non-profit organisations are community based, voluntary and independent organisations or associations engaged in serving the needs of the public" and "Responsible for providing goods and services which are underprovided by the market or government" is 0.541. This indicates that non-profit organisations provide a variety of essential services to the community in which they operate. Most often a gap exists in service delivery and non-profit organisations aid in filling these gaps.

A correlation value of 0.414 exists between "non-profit organisations playing a key role in the transformation of society" and "In developing countries Non-profit organisations have become a major economic force". Non-profit organisations were seen as key role players for transformation and change. All non-profit organisation share the same purpose which is to make a difference in society.

Correlations values of 0.429 between "Similar Non-profit organisations are our major competitors" and "Competition has become a major concern for our non-profit organisation". With the increase in non-profit organisations, the main competitor highlighted is other non-profit organisation which provide the same services. Non-profit organisations will essentially compete for resources and funding.

There was a strong set of correlations of 0.659 between "Our non-profit organisation is enthusiastic about forming long-term relationship with stakeholders" and "Relationship marketing refers to activities which are directed towards establishing, developing and maintaining successful relational exchanges". Both statements show that non-profit organisations are aware of what relationship marketing entails and are keen in forming such relationships with their stakeholders.

A positive correlation with values of 0.510 was noted in “Customer loyalty can be established through implementing relationship marketing” and “Competition has become a major concern for our non-profit organisation”. This implies that competition has become rife within this sector, however establishing loyal stakeholders can provide the non-profit with the necessary competitive advantage.

Correlation evidence of 0.499 is present in “The future our non-profit organisation will likely comply and work better with stakeholders” and “Our stakeholders can be counted upon”. The statements highlights that a level of commitment exists between the non-profit organisations and its stakeholders.

The correlations between “Non-profit organisations should establish and maintain relationships with their stakeholders” and “Respect” is presented with values of 0. 5.38 indicating that respect can be used as a component to establish and maintain relationships.

There was a strong correlation of 0.601 between “Relationship marketing refers to activities which are directed towards establishing, developing and maintaining successful relational exchanges” and “Communication plays an integral role in our non-profit organisation”.

The positive set of correlation value of “Marketing activities are employed at our non-profit organisation” and “Personal Selling” is 0.500. Personal selling is a form of marketing that some non-profit organisations are currently employing. Personal selling involves a two way form of communication which can be advantageous to non-profit organisations.

A strong correlation value of 0.764 was shown for “Building online community support” and “Enhances the ability of poor populations to voice opinions”. The statements indicate that social media provides non-profit organisation the opportunity of interacting with their stakeholders through various social media communication tools. The stakeholders as well as the target audience of these non-profit organisation are able to communicate, provide feedback and voice concerns.

Correlation evidence is provided for “Cooperation between local, regional and national stakeholders is of great importance to us” and “Social media ensures that my organisation has stronger visibility” with values of 0.503. This indicates that social media can be used to form and maintain relationships with stakeholders irrespective of their locations.

Positive correlations to the value of 0.505 can be shown in “Developing Relationships” and “Possess the power to connect people and empower change”. Relationship development ultimately leads to stakeholder loyalty and commitment. A committed stakeholder will work together with the non-profit organisation to bring about positive change.

A correlation of 04.80 is noted with “Building relationships could be advantageous for our non-profit organisations” and “Internal stakeholders play a pivotal role in successfully implementing relationship strategies”. This shows that it is pivotal that relationships are established and maintained with the internal stakeholders of the non-profit organisations.

5.3 Qualitative analysis

The following section highlights the qualitative analysis and is reported on the following themes below: context within which non-profit organisations operate; resources for non-profit organisations; importance of marketing within the non-profit sector; understanding relationship marketing; factors that lead to stronger relationships; the importance of marketing communication; strategies to improve communication; the use of social media as a communication tool and the social media sites used by non-profit organisations

5.3.1 Context within which non-profit organisations operate

The following section provides the analysis highlighting the context within which non-profit organisations operate.

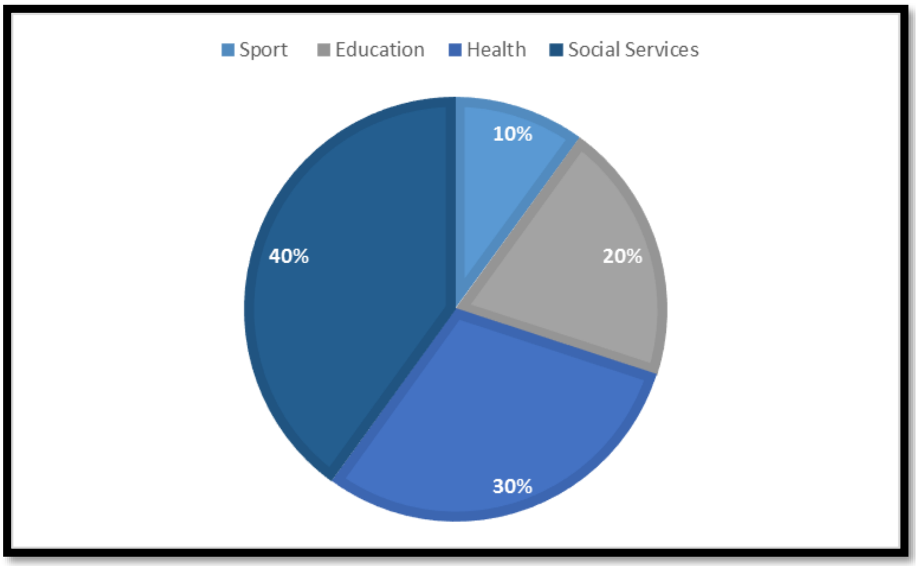
5.3.1.1 The role of non-profit organisations in the country’s development and transformation

All respondents indicated that non-profit organisations, are able to assist a country in development and transformation. Further respondents stated that “non-*profits provide essential services to the underprivileged*”, “non-*profits provide services which are underprovided or sometimes not provided by the government*”, “*non-profit are able to create change*” and “*allows for collective development*”. The responses indicate that non-profit organisations play an instrumental role in a country’s growth and development. These organisations are able to meet the needs and demands of the communities in which they operate, allowing them to become catalysts for the country’s growth and development. Literature provided by the Department of Social Development (2006: 8) suggests that at times the government is unable to provide essential community services, thus non-profit organisations become significant in filling those gaps. It is essential that non-profit organisations and the government work together to ensure sustainable development.

5.3.1.2 The sector within which non-profit organisations operate in South Africa

Findings reflect that majority of the non-profit organisations (40%) operate in the *social services sector* and 30% in the *health sector*. Figure one further illustrates that 20% of the non-profit organizations belong to the *education sector* and 10% in sport. The findings support Jacana Media (2012:1) assertions that communities face numerous challenges. Non-profit organizations provide a means by which members of a community can take action in an attempt to change the community they live in. The different sectors of non-profit organisations allow for various aspects to be addressed, in doing so a difference is made and initiatives promoting public good are developed.

Figure 5.13: The sector within which non-profits operate



5.3.1.3 Government support for non-profit organisations

Majority of the respondents (70%) indicated that the *government does not provide enough support for non-profit organisations,* whilst a minority (30%) *indicated that limited support is provided*. Respondents further stated that "*Most non-profit organisations are privately funded because government act late or don't necessarily have the same executional vision*" and "*Governmental support is provided, however many non-profit organisations are unaware of this or unable to access it*". The findings associate with Novatorov (2010:22) who makes mention that non-profit organisations are encouraged to raise funds for their organisations which will assist them in achieving their mission and goals. Further literature provided by the Department of Social Development (2006:6) recommends that non-profit organisations contact regional offices to apply for available subsidies or for information on other funding programmes and initiatives. Results therefore suggest that non-profit organisations are unaware of the funding and support available to them, which they are able to apply for.

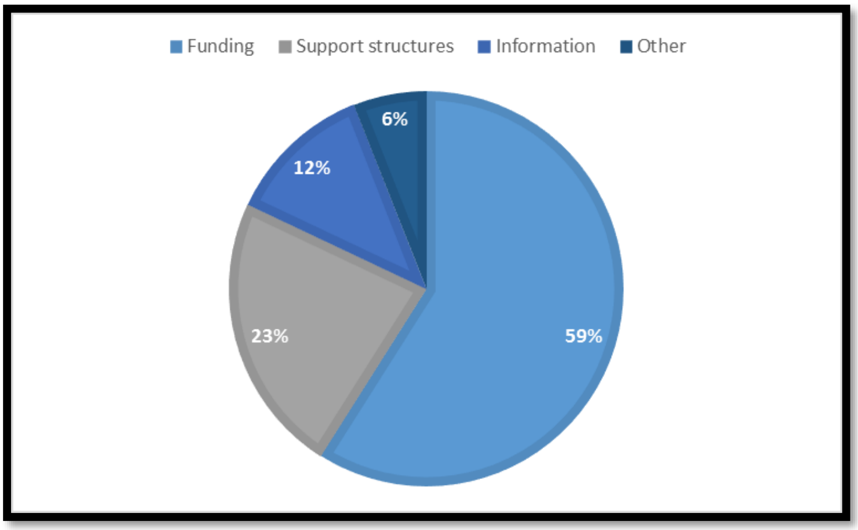
5.3.2 Resources for non-profit organisations

The following section indicates that constraints facing the non-profit sector and the manner in which resources are acquired.

5.3.2.1 Constraints facing the non-profit sector in South Africa?

Findings reveal that a major constraint within the non-profit sector is *funding* (40%), followed by *support structures* (23%). A minority of these organisations indicated that *information was a constraint* whilst 6% indicated *other*. The responses received tie in with Weideman (2012:45) who posits that the primary challenge faced by non-profit organizations is the struggle to raise funds for operations. Non-profit organisations are required to manage their financial viability in an evolving funding landscape and contend with competitors. Therefore, sustainability is a challenge that non-profit organizations must address. Involving community members in fundraising efforts can help address the "willingness to give" gap and may address fundraising challenges in the communities within which they operate. In addition forming partnerships with organisations that have the similar goals can prove to be beneficial.

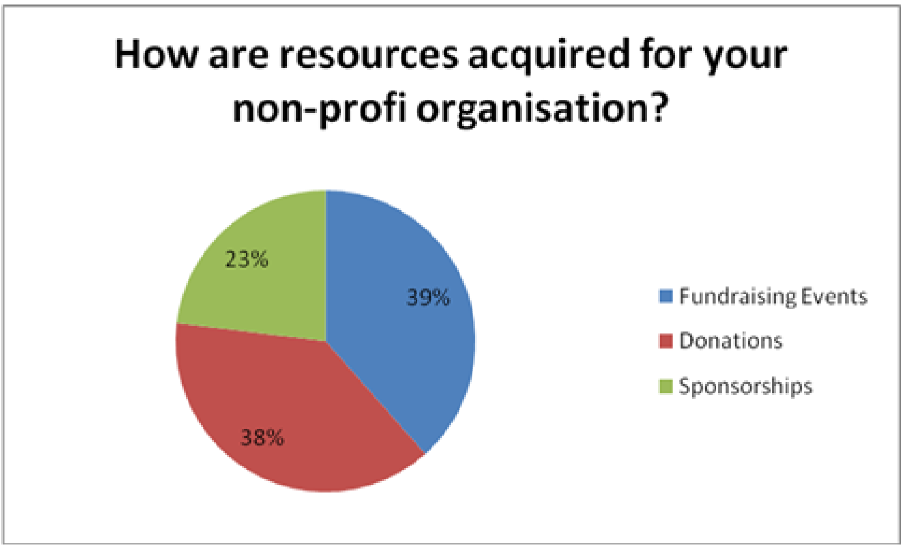
Figure 5.14: Constraints facing the non-profit sector in South Africa



5.3.2.2 Manner in which resources are acquired at your non-profit organisation

Majority of the respondents (39%) indicated that their resources are acquired "*through the use of fundraising*," whilst 38% of the respondents indicated *donations* and 23% indicated *sponsorships*. The responses affirms the literature provided by Worth (2008:12) who mentions that non-profit organisations are required to make use of various revenue sources to sustain their cause. Raising money for non-profit organization is always a challenge, however employing different methods of fundraising can make it easier for the non-profit organisation. Some fundraising methods that non-profit organisation can employ are gala dinners, raffles, charity fetes, auctions and food sales.

Figure 5.15: Manner in which resources are acquired at your non-profit organisations



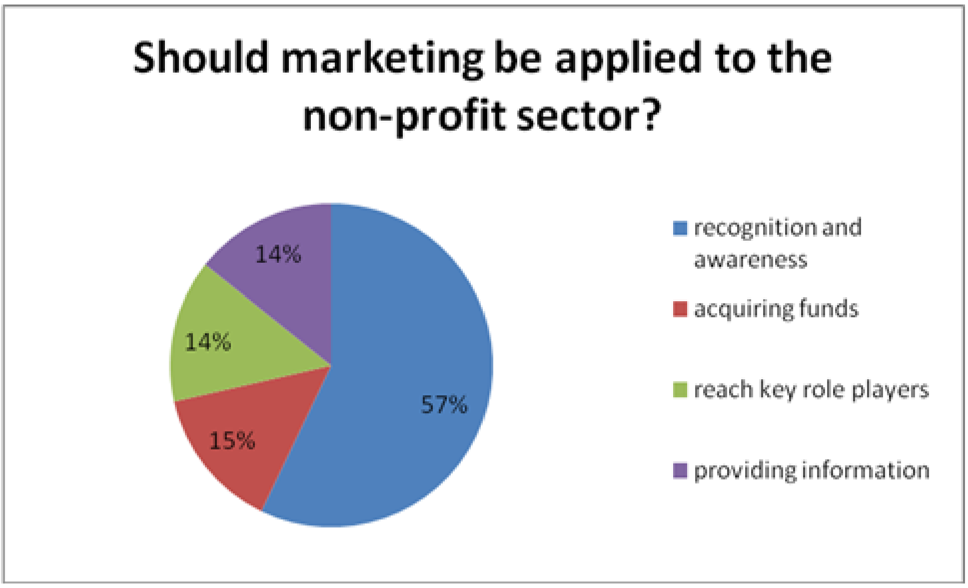
5.3.3 Importance of marketing within the non-profit sector

The following section highlights the role of role of marketing within the non-profit sector.

5.3.3.1 The application of marketing in the non-profit sector

Based on the results in figure 5.4, majority of the respondents (57%) indicated that "*marketing assists them in gaining recognition and awareness*", 15% mentioned that it "*assist their non-profit organization in acquiring funds*". In Addition, 14% of the respondents indicated that "*marketing supports them in reaching their key role players*" whilst another 14% indicated that "*provides their target market with information*". The responses affirm Apaydin (2011: 195) notions that marketing can be used to attract attention and create interest amongst stakeholders. For non-profit organisations to survive in a competitive environment, they are required to possess sufficient resources. Strategies therefore need to be adopted which will enhance their performance. Marketing is one such strategy that could be adopted by non-profit organisations to express their vision and mission in a more compelling way which can result in stakeholder acquisition and retention.

Figure 5.16: The application of marketing in the non-profit sector



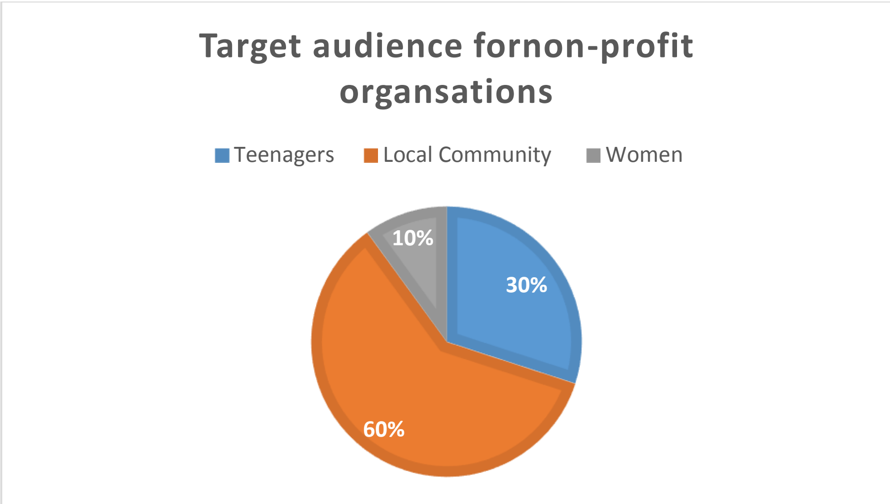
5.3.3.2 The importance of a marketing plan

In response to the question posed, majority of the respondents (60%) *indicated that their non-profit organisation has a marketing plan*, whilst 40% of the *respondents mentioned that their non-profit organisation did not*. The results align to Gummesson (2011: 5) who mentions that a marketing plan is a document developed by the top management and serves as a guide for the organisation to achieve its marketing objectives. The marketing plan is therefore a critical document which will allow non-profit organisations to stay competitive, proactive and ensure maximum use of resources. Based on the above, it is positive to note that majority of the organisations have a marketing plan to guide their marketing activities.

5.3.3.3 Target audience for non-profit organisations

Majority of the respondents (60%) indicated that their primary target audience is the *local community*, another 30% indicated that their primary target audience are *teenagers* and a minority (10%) indicated their primary target audience is *women*. The responses received affirm Gautier *et al*. (2013: 23) who state that non-profit organisations exist because the public demands the services which they provide. Each non-profit organisation is therefore unique in the services that they offer and the audiences to which they offer it to. Non-profit organisations should develop an idea of the stakeholders most likely to support them and design the marketing activities around that target market.

Figure 5.17: Target audience for non-profit organsiations



5.3.4 Understanding relationship marketing

This section discusses the importance of relationship marketing at non-profit organisations.

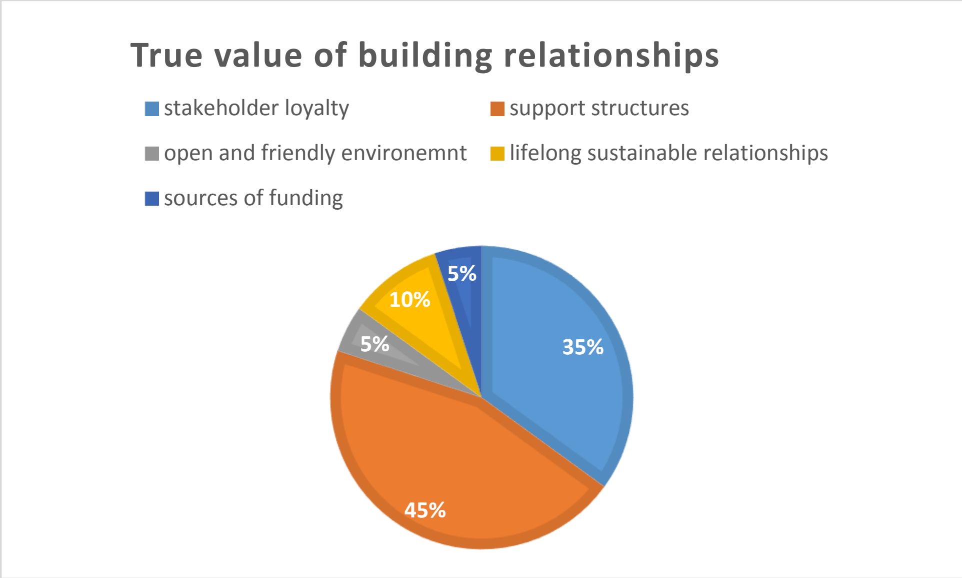
5.3.4.1 "*Relationship marketing is the act of building close relationships with existing customers and prospects*". Do you agree with this statement?

All respondents agreed that *relationship marketing is the act of building close relationships with existing customers and prospects.* Respondents further indicated that "*relationships are meaningful to organisations*", "*communication can be used to build and maintain relationships*", and "*relationships can assist the non-profit organisation in attracting new donors and sponsors*". The findings are compatible with Bennett and Barkensjo (2008:33) who suggest that relationship marketing as an important tool for non-profit organisations. The findings are further strengthened by Taleghani *et al.* (2011:15) who assert that relationship marketing is concerned with establishing, maintaining and enhancing relationships with key stakeholders which can assist an organisation in sustaining and improving the organizations customer base and sustainability. To ensure continuous financial support and to survive and thrive in a competitive environment non-profit organisations need to maintain the relationships that they have with their donors and sponsors. Based on the responses and literature it can be said that the non-profit organizations understand the pivotal role of relationship marketing.

5.3.4.2 The true value of building relationships with key stakeholders

Figure seven, indicates that majority of the respondents (45%) believe that the true value to building relationships is the "*support structures*", whilst 35% believe that it fosters "*stakeholder loyalty*", another 10% of the respondents have mentioned that it establishes "*lifelong partners*". Furthermore, 5% of the respondents indicated relationships are able to "*create an open and friendly environment*" and the other 5% of the respondents indicated that relationships can be used as "*sources of funding*". The results align with the literature presented by Macmillan (2005: 807) who implied that building and maintaining relationships and working well with others is a valuable asset in today's business world. Organisations that have the ability to build and maintain strong lasting relationships with key internal and external stakeholders are more effective and achieve greater success. Furthermore, organisations need to realise that relationships start out tentative, with expectations, develop strength based on the experience, and mature into becoming a trusted relationship. Based on this, the respondents are aware that of the various benefits associated with building and maintaining relationships.

Figure 5.18: The true value of building relationships



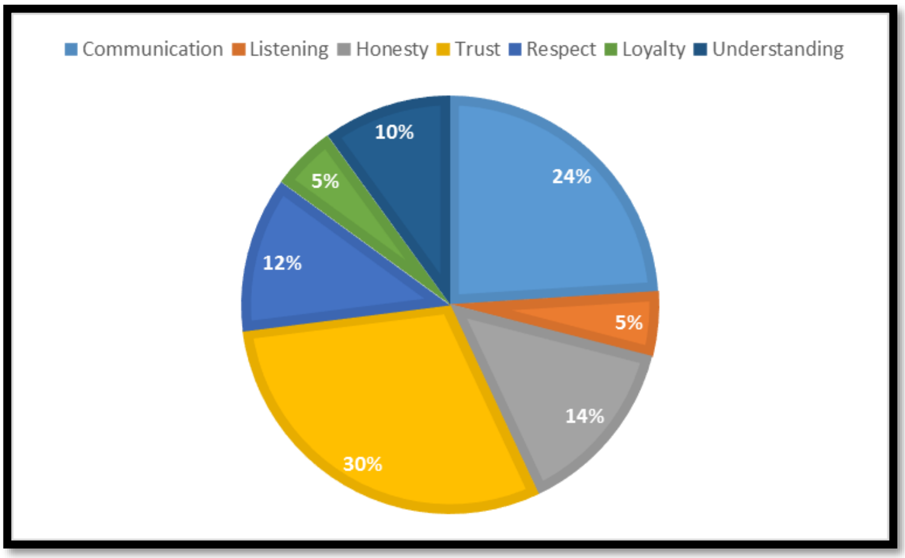
5.3.5 Factors that lead to stronger relationships

This section highlights the components used in building relationships with stakeholders

5.3.5.1 Essential components needed to build relationships

Findings reflect that majority of the non-profit organisations (30%) believe that *trust* is the most important component in building relationships, whilst 24% indicated *communication* and 14% *honesty*. Figure 5.19 further illustrates that 12% of the non-profit organizations indicated 10% *respect* as a key component. A minority of these organizations indicated *loyalty* as a necessary component (5%) whilst 5% mentioned listening. The results are therefore consistent with that of Veloutsou (2002: 437) who states that the foundation of relationship marketing is based on the Morgan and Hunt relationship model which identifies key relationship components, some of which are identified as trust, commitment, cooperation, communication, shared values. Relationship building is pivotal to the success of any organisation and appropriate skills need to be employed to build relationships with stakeholders. It can therefore be surmised that the non-profit organisations are aware of the important role of relationship marketing and possess the necessary knowledge for building, sustaining and maintaining their relationships with the stakeholders.

Figure 5.19: Essential components necessary for building relationships



5.3.5.2 Reasons for selecting these components

Majority of the respondents mentioned that "*these are essential components for building good relationships*", another respondent mentioned that "these tools form the foundation of a good relationship", other responses include "*helps to project a good image*", "*tools which build commitment*" and "*trust is an important factor*". The results concur with Macmillan *et al*. (2005:807) who contend that the core components necessary for building relationships is trust and commitment; however additional key drivers of trust and commitment which include shared values, communication and opportunistic behaviour are equally essential in establishing, developing and maintaining relationships. Building good relationships with stakeholders allows an organisations to become more committed and engage effectively. The results are therefore compatible with the literature identified by Macmillan *et al*. (2005: 807).

5.3.6 The importance of marketing communication

The following section provides an analysis of the importance of communication

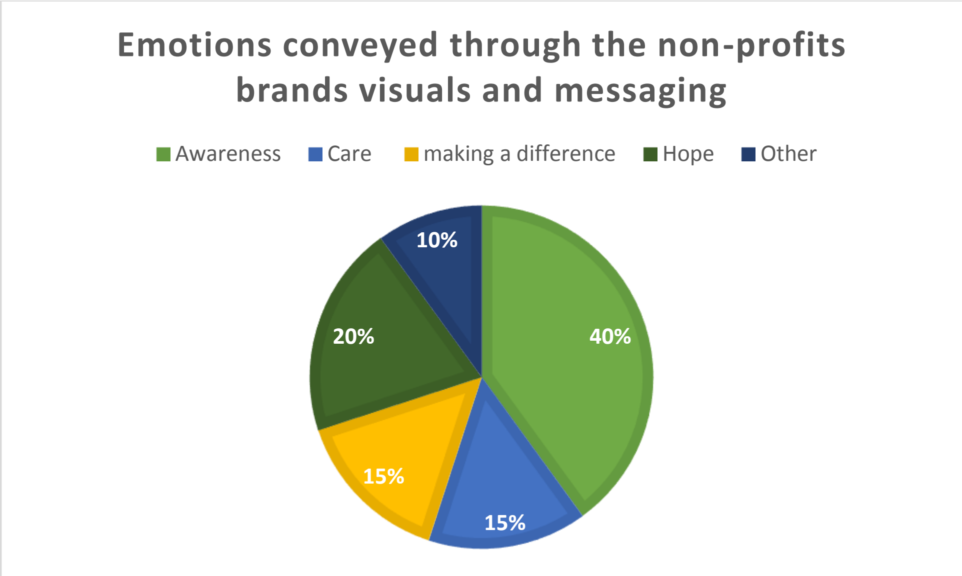
5.3.6.1 The use of communication tools to create an impact on key stakeholders

Majority of the respondents (70%) indicated that *communicating and interacting more with their stakeholders can assist in improving their current relationships*. Other respondents (20%) mentioned *listening and trust* as relationship improving strategies whilst a minority (10%) indicated *having more informative promotional materials will be able to create the necessary impact*. These results concur with the statements provided by Groonroos (2007:22) who suggests that communication, as well as the frequency and quality of information shared between stakeholders can assist in building stronger relationships. Clarity in communication exchanges therefore improves relationship trust amongst organisations and its stakeholders. The findings are therefore an indication that organisations who effectively communicate, listen and respond to their stakeholders will be able to create an impact on their key stakeholders.

5.3.6.2 Emotions conveyed through the non-profit organisations brands and visuals

Majority of the respondents (40%) have indicated that "*create awareness of the services which they offe*r", 20% of the respondents have indicated that they "*attempt to convey hope,"* a further 15% of the respondents have mentioned they wish to convey that they are *"making a difference"*. In addition, 15% of the respondents have mentioned that they wish to "*project a caring environment*," whilst 10% of the respondents indicated *other* – this included aspects such as "*compassion, empathy and unity"*. The findings associate with Zimmerman and Brown (2012: 259) who mention that non-profit's brand is much more than its name, logo, or the services it offers. The impression that people have about organisations activities influences their response to every message sent, action undertaken and project supported. It is crucial that organisations understand that consumers make sense of things through visual stimulus and visual information. This in turn conveys meaning and evokes emotion. Non-profit organisations therefore need to structure their messages based on the responses they wish to evoke from their stakeholders.

Figure 5.20: Emotions conveyed through the non-profit organisations brands and visuals



5.3.7 Strategies to improve communication

This section highlights techniques that can be used to improve communication

5.3.7.1 Communication challenges at non-profit organisations

Majority of the respondents (50%) have indicated that one of their biggest communication challenges is the *costing of the communications/promotional messages* which are sent out. Other challenges include *time taken for drafting of the promotion messages* (30%) and *stakeholder interaction* (15%). A further 5% indicated *other*. The findings correlate with Ok (2000: 12) who proposes that non-profit organisations communicating about their work is critical to their success. It is therefore crucial that the communication messages sent out need to be relevant, memorable, motivating and to the correct target audience. Should the messages be irrelevant, the non-profit organisation will fail to motivate for the actions needed to move forward with their mission.

Figure 5.21: Communication challenges at non-profit organisation

5.3.7.2 Improving communication at non-profit organisations

50% of the respondents have indicated that they are satisfied with their communication efforts whilst the remaining 50% indicated that they would like to improve their current communication efforts. Other comments from the respondents include "*being more prepared, structured and delivering on our mission"; "*Messages are clear and easy to understand" and "*"There is always room for communication improvement".* The findings are consistent with Dimitrov (2009: 9) who mentions that communication is a valuable asset. Effective communication helps you deepen your connections to others and improve teamwork, decision making, and problem solving. Non-profit organisations are required to be proactive and improve on their communication planning, strategies and skills which can assist an organisation in becoming more cost efficient in the short term and gain a better competitive advantage in the long-term.

5.3.8 The use of social media as a communication tool

This section highlights the role of social media as a communication tool

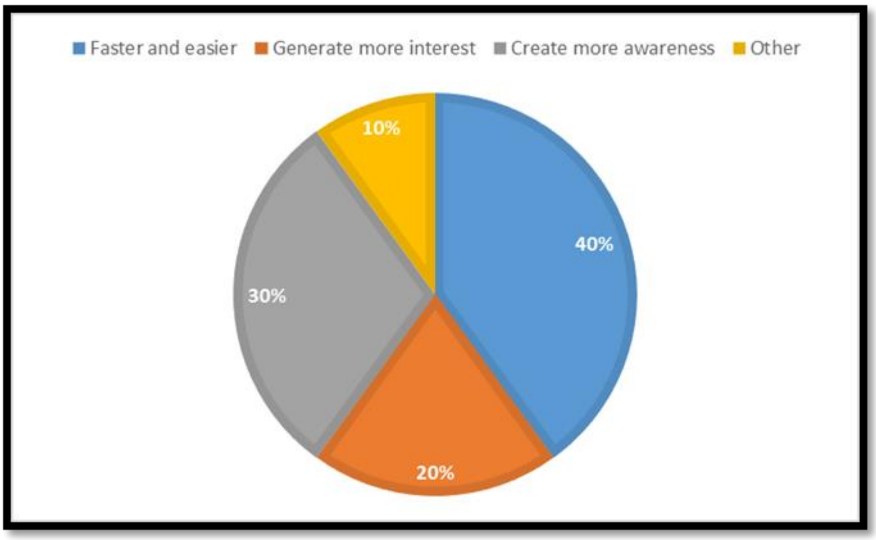
5.3.8.1 The advantages of using social media at non-profit organisations

All respondents agreed that social media can be advantageous to an organisation. The findings strengthen Hopwood *et al*. (2011: 6) assertion that organisations that have adopted a social networking approach to communication allow them to easily target their audiences, share content and comment via links to videos, blogs and other social networking platforms. Furthermore, literature presented by Watson *et al*. (2002:15) informs that social media communication reduces cost whilst enhancing an organisations target audience reach. Social media communication can therefore offer non-profit organisations a more direct interaction with their stakeholders, assists them in gaining more knowledge regarding the key issues faced by their audience and stakeholder base and helps tailor messages to support stronger relationships.

5.3.8.2 Benefits of using social media as a communication tool

Figure 5.22 reflects that majority of the non-profit organisations (40%) finds that communicating using social media is *faster and easier*, whilst 30% believe that social media can be used to *create more awareness* for the non-profit organisation. A further 20%, revealed that social media can be used to *generate more interest* for the non-profit organisation whilst 10% indicated *other.* Findings support Barker, Barker, Bormann, and Neher (2010: 12) assertions that social media provides various platforms for organisations to capture the interest of customers whilst simultaneously building a brand image. For this reason non-profit organisations can effectively use social media to reach dissatisfied consumers and also find innovative ways of improving service delivery and building relationships.

Figure 5.22 Benefits of using social media



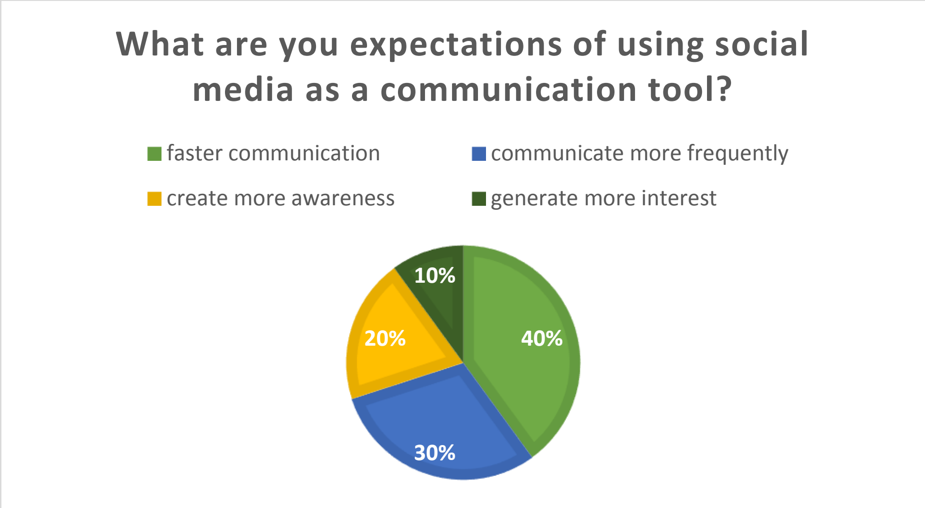
5.3.8.3 The importance of a social media policy

Majority of the respondents (60%) have indicated that a "*social media policy is necessary*" whilst 40% of the respondents mentioned that a "*social media policy is not necessary"*. The responses correlate with Zimmerman and Brown (2012: 259) who mention that when social media is incorporated into business activities a social media policy should be developed. The purpose of the social media policy is to shape the organisations online presence on social networks. The responses therefore indicate that developing a social media policy is essential in organisations that use social media as a communication tool. Furthermore, responses signal the need for those organisations that do not possess such a policy to begin developing one.

5.3.8.4 Expectations for communicating using social media

Majority of the respondents (40%) indicated that social media is a *faster method of communication*, whilst 30% of the respondents indicated that the non-profit organisation is able to *communicate more frequently* with social media. Furthermore, 20% of the respondents mentioned that *more awareness of the non-profit organisation can be created* with the use of social media and 10% indicated that *more interest can be generated* for the non-profit organisation. Literature provided by Barker *et al*. (2013: 312) suggests that social media use has developed and grown into one of the most common forms of computerised communication. Social media has become pervasive in organizations, providing a platform through which collaborative interaction occurs between the organisations and its stakeholders. It can therefore be surmised that non-profit organisations use social media primarily to engage and connect with their stakeholders, however there are other benefits of using social media which non-profit organisations should explore.

Figure 5.23: Expectations for communicating using social media



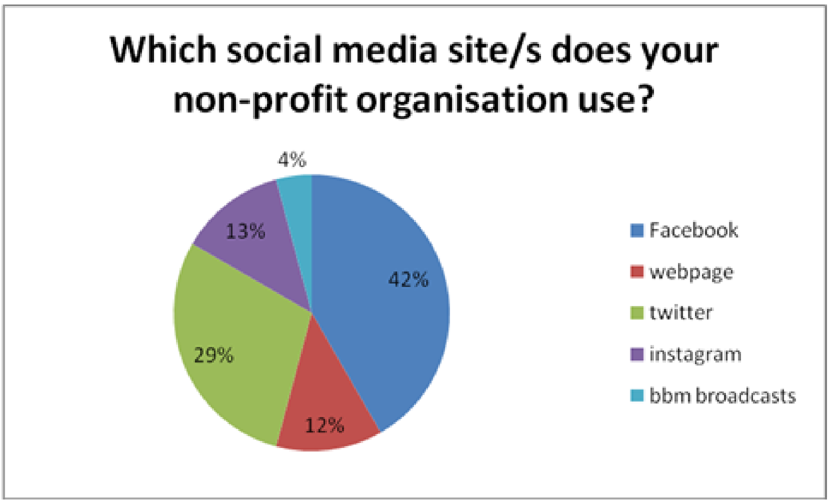
5.3.9 Social media sites used by non-profit organisations

The following section highlights the social media sites used by non-profit organisation

5.3.9.1 Social media sites used by non-profit organisation

Majority of the respondents (42%) have indicated that the social media site that they use is *Facebook*, whilst 29% indicated *twitter*, a further 13% indicated *Instagram*. In addition, 12% of the respondents mentioned that they have *webpages* and 4% utilise *bbm broadcasts*. Based on the above mentioned information, it is acknowledged that the most frequent social media tools utilised are Facebook and Twitter. The findings are associated with Duff (2014: 1) who has identified Facebook as being the most popular social network site in South Africa with 11.8 million users.

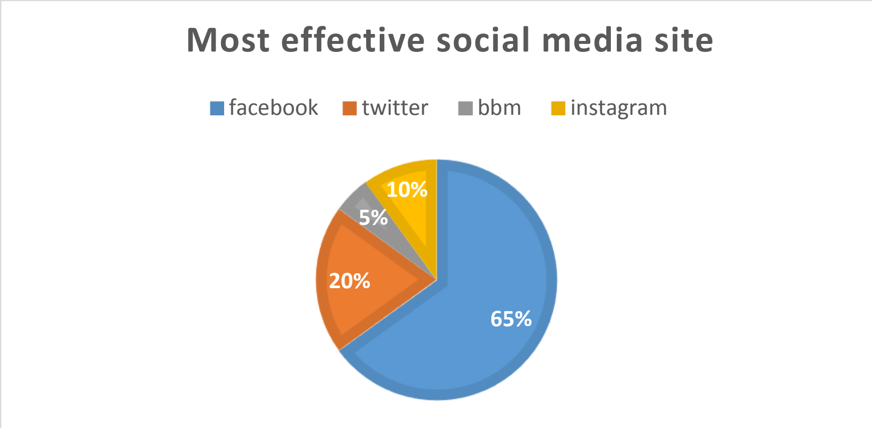
Figure 5.24 Social media sites used by non-profit organisations



5.3.9.2 Most effective social media site

Majority of the respondents (65%) have indicated that *Facebook* is the most effective social networking site. Other respondents mentioned *Twitter* (20%), *Instagram* (10%) and *BBM* (5%). The findings associate with Barker *et al*. (2013:184) who informs that Facebook is often cited as the ideal option for organisations who aim to establish a social media presence. This is reaffirmed with the literature provided by Duff (2014: 1) who indicated that with 11.8 million South African users, Facebook can be regarded as a social media communication tool that facilitates two-way communication and encourages users to engage in a variety of conversations with different organisations, audiences or brands simultaneously. Facebook's enormous network, combined with its flexibility and simplicity of use, makes it an excellent tool for non-profit organisations to broaden their exposure and improve their customer relationships.

Figure 5.25 Most effective social media site



5.4 CONCLUSION

This chapter presented the findings and discussion of the results collected from the study. The quantitative data was analysed using SPSS version 23.0. The analysis of the data was presented in the form of graphs, cross tabulations and tables. The qualitative data was analysed through thematic content analysis. The findings from this study underline the significant use of marketing tactics by the non-profit organisations in KwaZulu-Natal to establish and maintain relationships with their stakeholders. More specifically, due to the increase in the number of non-profit organisations competition has become a major concern. Different strategies and tactics need to be employed by non-profit organisations in order to remain competitive. Evidently, all non-profit organisations researched have been fervent in the adoption of marketing tactics and realise the need for them to adopt relationship marketing strategies. Communication was identified as an essential relationship building component and it was positive to note that many non-profit organisations have started incorporating social media into their communication strategies. Facebook was identified as the most popular social media communication tool used. The implementation of a marketing plan as well as a social media policy is an area in which non-profit organisations can improve. In addition, it was noted that many non-profit organisations focus their attention on establishing relationships and no attention is given to those relationships that are ending. Furthermore, once a relationship is established non-profit organisations should work on sustaining them to create lifelong stakeholders. The next chapter draws conclusions and proposes recommendations on how relationship marketing can be improved at non-profit organisations.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

In the previous chapter the results of the findings were analysed and discussed. This final chapter sets out to summarise the main findings, provide final conclusions based on the analysis and interpretation of the data and suggest a way forward on how relationship marketing can be improved in non-profit organisations. Although this study was confined to KwaZulu-Natal, the findings are of general importance to all non-profit organisations in South Africa. The first part of this chapter summarises the theoretical and empirical investigations, followed by discussions pertaining to the achievement of the research objectives. The chapter will conclude with recommendations deduced from the investigation and opportunities for further research.

6.2 SUMMARY OF THE THEORETICAL ORIENTATION

Chapter two established that the non-profit sector has grown and changed substantially since its origins. Presently there is an increase in organised voluntary activity around the globe with the establishment of more private, non-governmental organisations, which reflects not only a whole range of social and technological changes, but also an indication of the government being unable to render certain vital services. This chapter provided an overview of the role of non-profit organisations, performance measurement indicators as well as the systems theory which can aid in assisting in the management of these organisations. Furthermore, this chapter highlighted the various barriers and different sectors within which non-profit organisations operate.

Non-profit organisation and for profit businesses have multiple similarities and differences. The biggest differing factor being the purpose of the for-profit marketing is to encourage customers to buy whilst non-profit organisations encourage people to give. The global trends seen in the developed countries can be broadly applied to South Africa. Non-profit organisations are able to raise substantial funds from numerous private sources and employ a vast number of paid staff and volunteers, making them an important organisational resource with organisational structures already in place. This makes the non-profit sector an attractive partner for the Government in its commitment to bring about sustainable development.

With the increase in the number of non-profit organisations in South Africa all competing for resources, it has become imperative for non-profit organisations to cultivate relationships with their key stakeholders which go beyond technical interactions such as the transfer of funds or reporting techniques. Now, more than ever, non-profit organisations need to understand their stakeholders. To meet the demands of the competitive environment, non-profit organisations should harness the knowledge available in the marketing and relationship marketing field. The evolution of the marketing concept provided the growth for relationship marketing. With this in mind, it seems that marketing, in particular relationship marketing has an important role to play in the non-profit sector. Chapter three provided the theoretical underpinnings related to marketing and relationship marketing.

Relationship marketing refers to a set of processes which creates, delivers and communicates value for the stakeholders. It aims to benefit both the organisations and the stakeholders involved. Thus relationship marketing focuses on establishing long term relationships and literature has shown that it is much easier to retain existing customers than to attract new ones. Non-profit organisations that want to exploit the potential offered by relationship marketing need to monitor an extremely important indicator, customer value. Non-profit organisation need to recognise the need for long-term relationships with their publics and see them as partners to their institutions. Furthermore, this chapter discussed the benefits of forming relationships, strategies for forming relationships and stages in relationship development.

Attention was particularly focused on the Morgan and Hunt relationship model. This model has been regarded as the foundation of relationship marketing. The model describes various variables necessary for building relationships. Some of these variables include trust, commitment, shared values and communication. Communication is critical as it informs the stakeholders about the goals, activities and offerings of an organisation. Communication programmes include advertising, personal selling, direct marketing, public relations and sales promotion. In addition, mobile communication and social media represent the new communication tools which non-profit organisations need to start incorporating in their communication programmes. It is apparent that relationship marketing is built through communication thus communication should be regarded as a core requisite for building and fostering relationships. The increase of competition amongst non-profit organisations together with the challenges and changes they must face in their surrounding environment have made it necessary for them to start paying attention to retaining their stakeholders and nurturing their relationships within the communities which they serve.

6.3 SUMMARY OF THE EMPERICAL STUDY

Presented below is a summary of the quantitative and qualitative data analyses.

6.3.1. Summary of quantitative data

The findings from the quantitative study indicated that majority of the non-profit organisations fall within the start-up phase but do have the potential to grow and begin operating either on a regional, national or even international level. Just like other organisation types, non-profit organisations grow and change. Respondents are aware of the significant role played by non-profit organisations in addressing and meeting the various needs of society to bring about positive change. Funding was identified as a major determinant, however fundraising initiatives are held to promote the non-profit organisations and to acquire funds or other resources.

Respondents further indicated that strategic and proactive reaction to the environment can enable them to gain a competitive advantage. Respondents are familiar with marketing and in particular relationship marketing. Relationship marketing was identified as a concept which can assist the non-profit organisations in building and maintaining relationships with their stakeholders. There are various stages in building relationships and it was noted that very little attention is paid to ending of relationships.

Various relationship building components were identified, however, each non-profit organisation has perhaps prioritized different relationship building components for implementation. The high level of commitment noted amongst the non-profit organisations shows that they are willing to maintain their relationships and invest in further developing these relationships. In addition, non-profit organisations operate ethically and are confident in the decisions that they make. However they do agree that more emphasis should be placed on how they manage their internal and external relationships. Communication was identified as a crucial element for building successful relationships. Good communication promotes better understanding between key stakeholders which is pivotal for the competitive environment within which non-profit organisations operate. Facebook was acknowledged as the most common social media communication tool used. Respondents further agreed that the use of social media holds many benefits for their non-profit organisation. Furthermore, the increase of social media communication tools enables organisations to turn communication into interactive dialogues.

6.3.2 Summary of qualitative data

The qualitative data was presented using the themes identified from the literature review. Findings have revealed that the main aim of non-profit organisations is to pursue social public welfare activities. Non-profit organisation operate with the main of improving service delivery and advocating on behalf of those living in poverty thus playing a pivotal role in the growth and development of the country. It is essential that non-profit organisations and the government work together to ensure sustainable development. Majority of the non-profit organisations operate within the social services sector and have indicated that not much assistance is provided by the Government in terms of funding which is a major constraint for them.

Due to the increase in the number of non-profit organisations and the different types of non-profit organisations, it has become even harder for these organisations to survive and thrive in a competitive environment. Non-profit organisations have thus realised that the importance of marketing and have utilised marketing plans to structure their marketing programmes for their organisations. Various fundraising tactics including fundraising events, open days and fairs are held in an attempt to acquire the required resources. However to survive in such a competitive environment, non-profit organisations have realised that establishing and maintaining relationships with their key stakeholders is crucial and this has led to the adoption of relationship marketing within their organisations. Respondents agreed that the implementation of relationship building strategies has the potential to assist them. It addition, it shows that the non-profit organisation is committed to its cause and to its stakeholders.

Various relationship building components including trust, commitment, shared values, ethics and communication are necessary to building successful relationships. Respondents further identified other components such as respect and diversity as additional relationship drivers. The results further indicted that communication is the central component for relationships. Clarity in communication exchanges therefore improves relationship trust amongst organisations and its stakeholders. Communication mix elements are used within the non-profit organisation and many have started incorporating social media into their communication strategies. Respondents agreed that the inclusion of social media can be advantageous to the non-profit organisation and Facebook was identified as the most popular communication tool used.

6.4 ACHIEVEMENT OF RESEARCH OBJECTIVES

In order to solve the research problem, four objectives were set. These objectives are described below:

6.4.1 Research objective one: To analyse the extent to which relationship marketing applies to non-profit organisations.

Chapter two explained that organisations can be divided into different sectors and non-profit organisations are described as one such sector. Non-profit are able to perform a wide variety of services, innovation, advocacy and community building roles. Due to the increase in competition for resources within the non-profit sector, there appears to be a greater appreciation for marketing and in particular relationship marketing. Non-profits rely heavily on funding and donations from organisations and individuals, therefore it is imperative that they focus on strengthening their relationships with key stakeholders and this can be achieved through relationship marketing. As a result research objective one was achieved.

6.4.2 Research objective two: To identify and explain the role and key characteristics of relationship marketing.

Chapter three presented the theoretical underpinning of relationship marketing. It was deduced that relationship marketing is about forming long-term relationships with customers.

Rather than trying to encourage a one-time interaction, relationship marketing tries to foster customer loyalty by providing exemplary service and experience. In addition, some of the literature discussed in this chapter included how relationships are formed, the role of various stakeholders for relationship marketing and the development of relationship marketing programs Chapter three further presented a model for relationship marketing. The Morgan and Hunt relationship model presented various variables for successfully implementing relationship marketing in organisations. As a result research objective two was achieved.

6.4.3 Research objective three: To examine the role of relationship marketing in non-profit organisations and assess the manner in which these relationships are developed.

To achieve the third objective a mixed methodology was employed. A census study using questionnaires was used to collect quantitative data and qualitative data was collected using a face-to-face semi-structured interview schedule with the identified respondents. A summary from the empirical study was presented above. As a result research objective three was achieved.

6.4.4 Research objective four: To propose a framework that outlines the role of relationship marketing at non-profit organisations

The findings from the empirical study assisted the researcher in identifying a framework which outlines the role of relationship marketing at non-profit organisations. This framework is illustrated in Figure 6.1.

6.5 RECOMMENDATIONS DEDUCED FROM THE INVESTIGATIONS

The following are the recommendations which the researcher believes can assist non-profit organisations in successfully establishing and maintaining relationships with their key stakeholders.

Non-profit organisations should understand that there have been numerous developments within the marketing discipline. Less focus is placed on traditional marketing as more organisations are moving towards relationship marketing. Relationship marketing in the long-term develops sustainable relationships, however, transactional marketing and its core fundamentals should still be practised. Those non-profit organisations already involved in relationship marketing should expand their efforts. Those not involved in relationship marketing practices are advised to seize this opportunity.

The management of the relationship process is important. All internal stakeholders need to be committed to the relationship marketing strategy. A continued effort should be put in to ensure that the objectives of relationship marketing are achieved. The change implemented by non-profit organisations cannot be superficial hence a culture change needs to be adopted driven by relationship marketing. Internal relationships will facilitate the creation and spread of knowledge and innovations within the non-profit organisation

The implementation of relationship marketing involves revising major aspects of the way a non-profit organisation conducts business. This can be expensive, time consuming, and have serious consequences for both the stakeholders and management of the non-profit organisation. To successfully carry out relationship marketing, a comprehensive marketing plan should be developed and implemented. Once the marketing strategy has been implemented, it requires constant evaluation to determine its success. Environmental scanning and market research should be conducted at regular intervals to determine whether there are any opportunities which the non-profit can capitalise on or any threats which may affect them.

Non-profit organisations need to understand their stakeholders, who they are and how to best retain them over the long term. Relationship marketing has a dual focus on both the acquisition and retention strategies but retention strategies should be given more prominence. It is less expensive to retain existing stakeholders are less expensive to retain than to recruit new stakeholders. Successful stakeholder retention also leads to stakeholder loyalty. It is extremely important that non-profit organisations use their existing stakeholders to find individuals who will be able to advocate on their behalf. Listening is essential in maintaining stakeholder relations. Every opportunity should be used to create an interaction to obtain feedback. Stakeholders who know that they are heard instantly feel a rapport and relationship with the non-profit organisations.

For relationship marketing to be successful, communication is crucial. Communication plays a pivotal role in informing stakeholders of developments. Relationships can therefore be built through regular communication. Communication has always played a role in establishing and maintaining profitable stakeholder relationships. With the advances in new media and computer technologies, the benefits of understanding and applying communication strategies to relationship building has never been greater. However, the communication variable is often assumed or taken for granted and consequently overlooked as a vital component of marketing relationships. Yet, it is this variable which is responsible for forming the groundwork for building trust amongst the exchange partners. It is therefore recommended that communication becomes the primary tool used in building and sustaining relationships with key stakeholders in non-profit organizations.

Varied channels of communication should be used when communicating with stakeholders. An atmosphere of open and varied communication will aid the non-profit organisations in building and managing relationships. Communications should trigger a response from their stakeholders. Regular communication can be facilitated through the use of social media. Non-profit organisations should develop a social media policy. This policy should highlight the objectives of using social media, the activities planned as well as the relevant target market. Those non-profit organisations that have such policies need to ensure that it is regularly updated.

Many non-profit organisations have indicated that Facebook and Twitter are the social media communication tools which they are using. Management of these non-profit organisation should consider incorporating YouTube as a more frequent communication tool. YouTube has been identified as the second most popular social media communication tool with 7.2 million users. This would create an opportunity for the non-profit organisation to boost its social media online presence by attracting newer stakeholder markets. In addition, non-profit organisations can use YouTube to post videos and other promotional material. Twitter is another social media communication tool that can be used in connecting people. Twitter allows individuals to follow people or organisations, actively engage other people through retweets or direct conversation. One of the strongest conventions, the “hash tag” is also affiliated to twitter. Hashtags are now the definitive way to group tweets on the same subject.

Non-profit organisations catering for a niche market or people from a certain location can use twitter to connect with them. Twitter can also be used to learn and monitor what is being said about the non-profit organisation.

Non-profit organisations need to create readily available and easy to understand information. There should be a frequently asked questions page on websites and other social media profiles which should be updated on a regular basis to include new questions and comments. This can also be used as an opportunity to optimise content for improved online visibility. Social media channels can also be used as a way of providing additional services to the non-profit organisations stakeholders. Service improvement does not only include answering questions or dealing with problems but also includes sharing of useful information, providing timely notifications and reaching out to inactive stakeholders. Considerations should also be given to the time at which stakeholders are online. Certain social media sites have now incorporated a tool titled "timely" which enables organisations to schedule their communications during a time which will have the highest impact.

Non-profit organisations should not underestimate the time that is needed for staff to plan and deploy a social media campaign. Appropriate goals should be set when planning a social media campaign. It is recommended that a budget be drafted including the planned communications for the year as well as the costing for these. Requests for sponsorships can be sent out for funding, and social media should be utilised. Time should be allocated to draft these messages. It is essential that messages reach the correct target audience, as well as persuade or influence them to do something. Funding was identified as a major constraint for non-profit organisations. Non-profit organisations are therefore encouraged to source alternate funding streams which will support their service offerings. Regional offices can be contacted to apply for available subsidies or for information on other funding programmes and initiatives. Funding from the government is available, however it is essential that a portfolio encompassing certain documents are attached in their funding requests.

6.6 LIMITATIONS

The study was limited to non-profit organisations operating within KwaZulu-Natal. Although appropriate statistical methods have been applied to the data, then generalisability of the findings would be strengthened if it were to be replicated with a larger sample and extended to all non-profit organisations within South Africa. In addition, the research should also be applied to a wider variety of countries to overcome possible culture limitations.

6.7 OPPORTUNITIES FOR FURTHER RESEARCH

Upon reviewing the limitation of this study, the researcher has identified many areas which need to be investigated and enhanced. These areas can therefore provide further research opportunities and thus recommended as follows:

- This research could be extended into all of the provinces within South Africa which will enable the non-profit sector to learn more from each other;
- Further research focusing on donors could possibly supplement this study and
- An important element of good relationship development is service personnel (employees) and the service process. Research should be conducted to ascertain the role of internal stakeholders in the internal and external management of relationships.

The above recommendations form part of the evolutionary process of the topic as the concepts associated with relationship marketing will continue to grow in the future.

6.8 CONTRIBUTION OF THE STUDY TO NEW KNOWLEDGE

The non-profit sector is constantly growing leading to tougher competition between organisations in the struggle of finding and keeping donors. Non-profit organisations need to be proactive in order to find and keep donors as well as make sure that they remain loyal to their organisation and cause. Non-profit organisations are community builders, who care deeply about people and making a change (Brian 2012: 2). Thus, relationships need to be built with stakeholders to ensure that they become involved in the non-profit organization. Figure 6.1 provides a framework which outlines the role of relationship marketing within non-profit organisations.

The initial stage highlights the **non-profit organisation as the sender** of all communications. A communication challenge for non-profit organisations is for them to make their mission, vision and objectives clear and simple to their target audiences so individuals can relate to the mission and the non-profit organisations underlying values. Thus, it is crucial that non-profit organisations need to effectively target messages to target audiences (Apaydin 2011: 422). Interacting with stakeholders through marketing communication tools is an opportunity which should be exploited by non-profit organisations. Communication is important in marketing relationships; it plays a central role in providing an understanding of the stakeholder's intentions and capabilities. The recency (number of days since last communication) and frequency (number of communications received over a period of time) of communications are important variables as it drives the level of connection between an organisations and its stakeholders.

Integrated marketing communication tools as well as **social media communication tools** can be used to promote the non-profit organisation and generate interest from the non-profit organisations **internal and external stakeholders** (**receivers of the message**). Targeted communications planning and implementation increases stakeholder awareness, raises understanding, and mitigates the risk of stakeholder resistance. Some people become involved in organizations because they believe in the cause. However, many people become involved in a community group or organization, just because they have a relationship with another person who is already involved.

Building a relationship requires reaching out to your stakeholders and keeping them engaged through the organisations online content and community. A huge part of relationship marketing is listening and monitoring your social media channels and responding accordingly. Social media communication tools such as Facebook, Twitter, You-Tube, Instagram can be used to cultivate relationships. Chan (2012: 2) explains that timely communication through social media can assist the non-profit organisation in fostering trust and aligning perceptions and expectations. Thus effective communication results in better stakeholder relationship.

Constant communication can be seen as a chance to convey the character of your brand in terms of the non-profit organisations mission, values and goals. Hollenson (2010: 68) explains that conveying brand values effectively is the key to creating a strong brand, and something that many non-profit organisations struggle with. Furthermore, the AIDA concept (Attention, Interest, Desire and Action) can be used to design the message being communicated. The message being communicated needs to be clear and simple and in a form that is easily understood (**encoding**). Failure to understand who you are communicating with will result in delivering messages that are misunderstood by the receivers when the message is interpreted (**decoding)**.

The success of the communication strategy will result in the development of long-term relationships with your internal and external stakeholders (**relationship marketing**). By providing a service that appeals to the stakeholders, relationship aspects such as loyalty, trust, commitment, and respect are established. If the relationship maintains this mutually-beneficial quality, stakeholders will view the organisation as much more than an organisation.

Apaydin (2011: 423) maintains that **feedback** is the most powerful and most under used management tool that organisations have at their disposal. It serves as a guide to assist people to know how they and others perceive their performance. It has strong links to employee satisfaction and productivity. It is useful information that can inform our decisions and strategies to form better relationships with our stakeholders. Non-profit organisations operate with few resources and are often under enormous pressures that sometimes distracts them from paying attention to their relationships with key stakeholders. Building and sustaining many solid, strong relationships is central to the success of non-profit organisations and in gaining a competitive advantage amongst similar non-profit organisations.

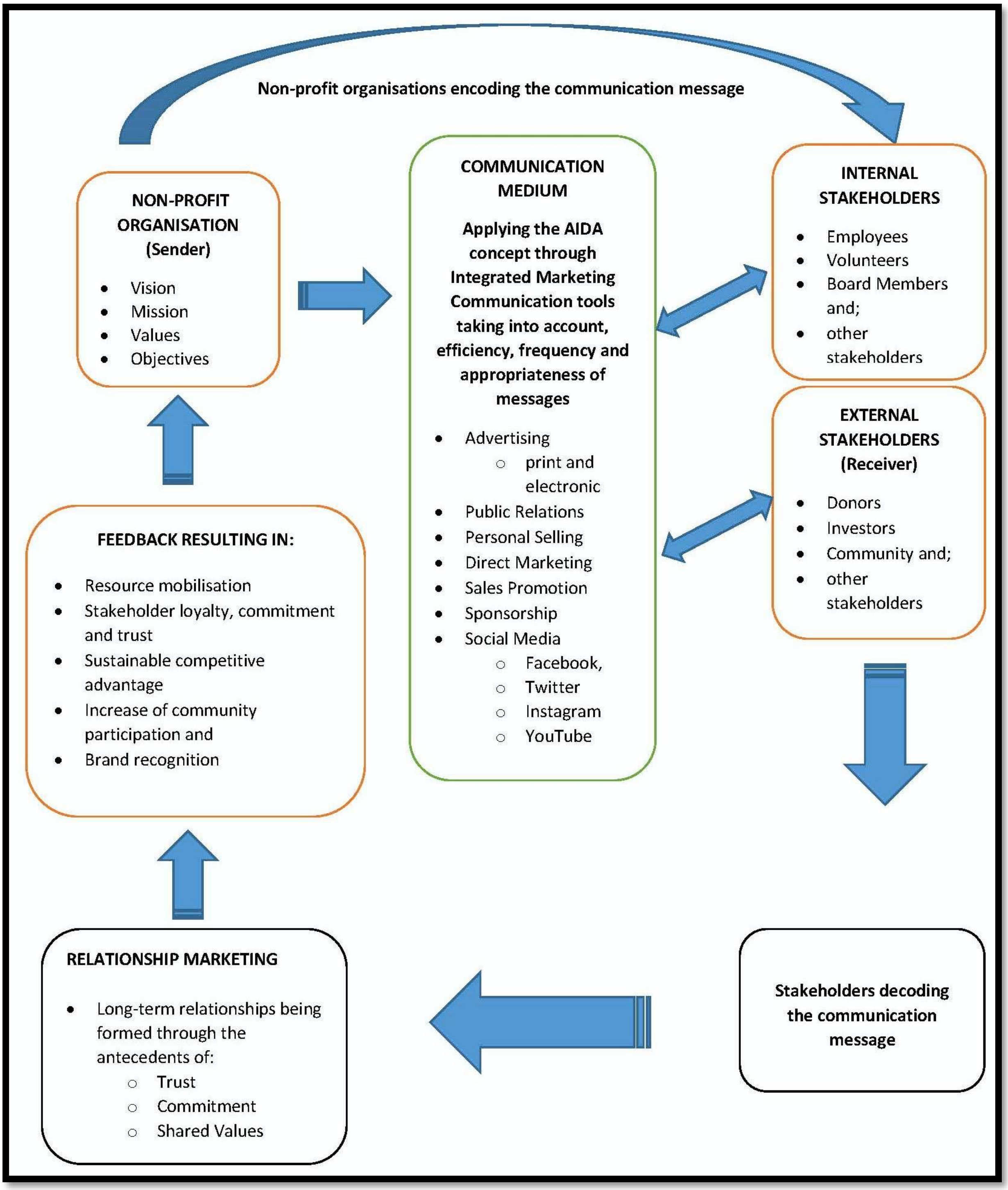


Figure 6.1: Framework for relationship marketing at non-profit organisation

6.5 CONCLUSION

This study can be seen as a pioneering endeavour in the South African non-profit sector. Particularly where very little research has been published regarding the role of relationship marketing within non-profit organisations. This study has clearly indicated that marketing tactics will assist the non-profit organisations with growth, funding and prosperity and in achieving their overall mission. Relationship marketing forms a powerful strategy that non-profit organisations should apply to manage long-term relationships with their key stakeholders. Adjustments and improvements must be made at the non-profit organisations, to incorporate and facilitate relationship marketing. It is believed that this study will enable non-profit organisations to develop better suited marketing strategies which will in the end be of greater worth to their stakeholders.

LIST OF REFERENCES

Ajzen, I. and Cote, N.G. 2008. Attitudes and the prediction of behaviour, in Crano, W.D. & Prislin, R. (eds). *Attitudes and Attitude Change*. New York, London: Psychology Press. 281-311.

Al-Hersh, A. Aburoub, A., and Saaty, A. 2014. The Impact of Customer Relationship Marketing on Customer Satisfaction of the Arab Bank Services. *International Journal of Academic Research in Business and Social Sciences*, 2014, 4(5) 67-100. Available http://econpapers.repec.org/article/hurijarbs/v_3a4_3ay_3a2014_3ai_3a5_3ap_3a67-100.htm (Accessed: 15 February 2015)

Alrubaiee, L., and Nazer, N. 2010. Investigate the Impact of Relationship Marketing Orientation on Customer Loyalty: A customer perspective. *International Journal of marketing studies*, 2(1) 155-174. Available http://www.ccsenet.org/journal/index.php/ijms/article/view/10068 . (Accessed: 12 December 2014)

Andreasen, A.R. 2002. Marketing social marketing in the social change marketplace. *Journal of Public Policy and Marketing*, 21(1), Spring: 3-13.

Anderson, P.H. 2001. Relationship development and marketing communication: An integrative Model. *Journal of business and industrial marketing*, 16(3) 167-182.

Andres, L. 2012. *Designing and doing survey research*. London: Sage Publications.

Apaydin, F. 2011. Examining the Effects of Non-profit Brand Communications on Non-profit Brand Evaluation. *Mediterranean Journal of Social Sciences*, 2(3) 420-433. Available http://www.mcser.org/images/stories/2_journal/mjssso203september2011/fahri%20apaydin.pdf (Accessed 30 August 2012).

Babbie, E., and Mouton, J. (2001). *The Practice of Social Research*. Cape Town: Oxford University Press.

Barker, M., Barker, D., Bormann, N. and Neher, K. 2013. *Social Media Marketing: A Strategic Approach.* London: South-Western.

Baruah, T. D. 2012. Effectiveness of Social Media as a Tool of Communication and its Potential for Technology Enabled Connections: A Micro-level Study. *Journal of Scientific and Research Publications*, 2(5): 1-10.

Basheer A., and Ghaleb, A. 2012. The Relationships between Service Quality, Satisfaction, and Behavioral Intentions of Malaysian Spa Center Customers. *International Journal of Business and Social Science,* 3 (1) 198-205. Available http://ijbssnet.com/journals/Vol_3_No_1_January_2012/22.pdf (Accessed: 28 November 2014)

Bennett, R., Barkensjo, A. 2005. Relationship quality, relationship marketing and client perceptions of the levels of service quality of charitable organisations. *International journal of service industry management*. (online). 1(16): 81-106. Available: http://www.emarldinsight.com/journals.htm?article=1464062 (Accessed 5 July 2013)

Berndt, A. and Madéle, T. 2012. *Relationship marketing and customer relationship management*. Claremont: Juta

Bhattacharyya, D.K. 2006. *Research Methodology*. 2nd ed. New Delhi: Excel Books.

Blery, E.K., Katseli, E., and Tsara, N. 2010. Marketing for a non-profit organisation (online). *International review on public and non-profit marketing*, 7(1). Available http://link.springer.com/article/10.1007/s12208-010-0049-2# (Accessed 22 June 2012).

Blythe, J. 2009. *Key Concepts in Marketing*. Los Angeles: Sage Publications.

Braun, V., and Clarke, V. (2006). *Using thematic analysis in psychology*. Qualitative research in psychology, Available at www.qualresearchpsych.com (Accessed on 16 March 2009).

Brian, M. 2012. *Managing your marketing better in many ways: understanding not for-profit marketing* (online). Available: http://dut.summon.serialssolutions.com/search?s.cmd=goToPage(4)&s.fvf%5B%5D=Content Type (Accessed 10 September 2014).

Brink A., and Berndt, A. 2011. *Relationship marketing and customer relationship management*. Landsdowne: Juta

Brooger. 2010. Using Social Networking Sites for Business Marketing: Advantages and Disadvantages. *Brooger* (blog). Available: http://brooger.com/business-finance-money-php/using-social-networking-sites-for-business-marketing-advantages-and-disadvantages (Accessed 28 May 2015).

Bryman, A. 2012. *Social research methods*. United Kingdom: Oxford University Press

Burnard, P., Gill, P., Stewart, K. Treasure, E., and Chadwick B. 2008. Analysing and presenting qualitative data. *British dental journal*. 204(8): 429-432.

Buttle, F. 2002. Relationship marketing, in Buttle, F. (ed.). *Relationship Marketing: Theory and Practice*. London: Paul Chapman Publishing Ltd. 1-16.

Cătoiu, I. and Ţichindelean, M. 2012. Relationship Marketing – Theoretical Consideration. *Annales Universitatis Apulensis Serie Oeconomica*, 14(2): 657.

Chan, H, L. 2012. Advantages and Disadvantages of Using Social Networking for Business Purposes. *Hoileongchan* (blog). Available: http://hoileongchan.blogspot.com/2012/08/advantages-and-disadvantages-of-using.html (Accessed 28 May 2015).

Christopher, M., Payne, A. and Ballantyne, D.2002. *Relationship marketing: creating stakeholder value*. Massachutes: Heinneman

Cleary, M. 2003. *The role and influence of the nonprofit sector in Australia*. APPC Conference, 5-7 September, Australia.

Cooper, R.D., and Schindler, P.S. 2008. *Business Research Methods*. 10th edition. Boston: McGraw Hill.

Creswell, J. 2006. *Understanding Mixed Method Research* (online). Available www.sagepub.com/upm-data/10981_chapter_1.pdf (Accessed 15 April 2013).

Customer Loyalty: The Customer's Perspective. *International journal of Marketing studies*, 2(1). Available file:///C:/Users/sameerah.DUT/Downloads/10068-33167-1-PB.pdf (Accessed: 24 April 2013).

David, D. 2010. What consumers want: simply put, shoppers want four things – but delivering those attributes is easier said than done. *Progressive Grocer*, 89(7): 20-21

Delport, H., Mostert, P.G., Steyn, T.F.J., and Klerk, S. 2010. Exploring the relationship intention concept in two South African service industries. *Journal of Contemporary Management* (online), 7: 290-307. Available: http://reference.sabinet.co.za/webx/access/electronic_journals/jcman/jcman_v7_a16.pdf (Accessed 28 March 2012).

Department of Social Development Republic of South Africa. 2005. *NPO Act Assessment* (online). Pretoria: Department of Social Development. Available http://www.dsd.gov.za/npo/index.php?option=com_docman&task=cat_view&gid=27&Itemid=116 (Accessed on 30 April 2013).

Dimitrov, R. 2009. The strategic response: An introduction to non-profit communication. *Third Sector Review* (online), 14(2). Available: www.academia.edu/202824 (Accessed 14 February 2013).

Dobrai, K., Farkas, F. 2012. *Challenges and responses – learning in nonprofit organizations. Management Knowledge and Learning*. International conference 2012. [Online]. Available: www.issbs.si/press/ISBN/978-961-6813-10-5/.../ML12_077.pdf. [2012, August 18].

Duff, S. 2014. South Africa's Most Popular Social Media Networks 2014. *Webafrica* (blog). Available: http://blog.webafrica.co.za/social-media-networks-2014/ (Accessed 28 May 2015).

Du Plessis, F., van Heerden, N., and Cook, G. 2010. *Integrated Marketing Communication: A Contemporary Approach*, 3rd ed. Pretoria: Van Schaik.

Egan, J. 2011. *Relationship marketing: exploring relational strategies in marketing*. New York: Prentice Hall.

Ernst, H., Hoyer, W.D., Krafft, M., and Krieger, K. 2011. Customer relationship management and company performance – The mediating role of new product performance (online). *Journal of the Academy of Marketing Science*, 39: 290-306. Available http://link.springer.com/content/pdf/10.1007%2Fs11747-010-0194-5.pdf (Accessed 30 April 2012).

Fahy, J., and Jobber, D. 2012. *Foundations of Marketing*. 4th ed. London: McGrawhill

Fill, C. 2011. *Essentials of Marketing Communications*. Harlow: Financial Times Prentice Hall.

Fink, A. 2008. *Conducting research literature reviews*. 3rd ed. London: Sage Publications.

Fox, B., and Bayat, M.S. 2007. *A guide to managing research*. Cape Town: Juta.

Gautier, A., Pache, A.C. and Chowdhury, I. 2013. *Nonprofit Roles in For-profit Firms: The Institutionalization of Corporate Philanthropy in France*. Available https://halshs.archives-ouvertes.fr/hal-00914824/document (Accessed 30 August 2013)

Galli, J.D. 2011. *Organisational Management in the Non-profit performing Arts: Exploring New Models of Structure, Management, and Leadership*. Available

https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/11210/Galli_research.pdf?sequence=1 (Accessed 30 April 2014).

Gilaninia, S., Almani, A.M., Pournaserani, A., and Mousavian, S.J. 2011. Relationship marketing: A new approach to marketing in the third millennium. *Australian journal of basic and applied sciences* (online), 5(5): 788-799. Available: http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?sid=9ca4c816-429a-454d-9ff2-8e5f259a7695%40sessionmgr104&vid=4&hid=121 . (Accessed on 5 July 2013).

Godson, M. 2011. *Relationship Marketing*. New York: Oxford University Press.

Gordini, N. 2010. Market-driven management: a critical literature review. *Symphonya Emerging Issues in Management* (www.unimib.it/symphonya), 2: 1-14.

Grönroos, C. 2009. Marketing as promise management: regaining customer management for marketing. *Journal of Business and Industrial Marketing,* 24(5/6): 352.

Groonroos, C. 2002. *Service Management and Marketing: A Customer relationship management approach*. 2nd ed. Chichester: Wiley Publications.

Gummeson, E. 2005. Marketing-orientation revisited: The crucial role of the part-time marketer, in Egan, J. & Harker, M.J. (eds). *A Broad Church: Conceptual and Theoretical Developments in Relationship Marketing*. London: SAGE Publications. 243-258.

Gummesson, E. 2002. *Total Relationship marketing*. Woburn: Butterworths-Heinneman.

Gummesson, E. 2011. *Total relationship marketing*. Oxford: Elsevier

Habib, A. and Kotze, H. 2002. *Civil Society, Governance & Development in an Era of Globalisation*. Available: http://web.iaincirebon.ac.id/ebook/moon/CivilSociety/Habib%20CS%20and%20Governance.pdf (Accessed: 12 May 2014).

Hau, L.N. and Ngo, L.V. 2012. Relationship Marketing in Vietnam: an empirical study. *Asia Pacific Journal of Marketing and Logistics*, Emerald Group Publishing. 24(2): 222.

Hair, J.F. Bush, R.P., and Ortinau, D.J. 2006. *Marketing Research: within a changing information environment*. United Kingdom: McGraw-Hill

Harwood, T., Garry, T., and Broderick, A. 2008. *Relationship Marketing*. Maidenhead: McgrawHill.

Hollenson, S. 2010. *Marketing Management: A Relationship Approach*. New York: Pearson Edu.

Hopwood, M., Kitchin, P. and Skinner, J. 2011. *Sport Public Relations and Communication.* Oxford: Elsevier.

Huang, T. and Chen, Y..2014.Customers' Attribution of Blame in Chain Store Settings: The Perspectives of Relationship Orientation. *Journal of Relationship Marketing*, 14:220–238. Available http://www.tandfonline.com/doi/pdf/10.1080/15332667.2015.1069526 (Accessed: 28 January 2014).

Hunt, S.D., Arnett, B., and Madhavaram, S. 2006."The explanatory foundations of relationship marketing theory", *Journal of Business & Industrial Marketing*, 21(2) 72 – 87. Available http://dx.doi.org/10.1108/10610420610651296 (Accessed 14 November 2013)

Itoh, S. 2003. Japan: Governance, Organisational effectiveness and the non-profit sector. *APPC Conference*, 5 – 7 September, Australia.

Jacana Media. 2012. *Critical Perspectives Sustainability of the on South African Civil Society Sector*. Available http://www.cafsouthernafrica.org/pdf/caf_report(perspectives_on_sustainability_report_2012).pdf (Accessed 12 May 2014).

Karimi, S. 2009. Pros and Cons of Using Facebook to Promote Your Business Online. *Hubpages* (blog). Available: http://hubpages.com/hub/Pros-and-Cons-of-Using-Facebook-to-Promote-Your-Business-online (Accessed 28 May 2015).

Kent, R. 2007. Marketing research: *Approaches, methods, and application in Europe*. London: Thomson Learning.

Kerin, R.A., Hartley, S.W. and Rudelius, W. 2014. *Marketing*. 11th edition. McGraw Hill Publishers, New York

Kiely, J., and Armistead, C.G. Exploring the future roles and capabilities of customer service professionals. *Journal of service theory and practice*, 14(1) 26-39. Available http://www.emeraldinsight.com/doi/full/10.1108/09604520410513659 (Accessed: 28 January 2015)

Klopper, H.B., Berndt, A., Chipp, K., Ismail, Z., Lombard, M.R., Subramani, D., Wakeham, M., Petzer, D., Hern, L., and Sanuders, S. 2006. *Marketing - Fresh Perspectives*. Cape Town: Prentice Hall.

Koekemoer, L. 2011. *Introduction to integrated marketing communication*. Cape Town: Academic Press Parrow Industry.

Kolb, B. 2012. *Marketing research: A Practical Approach*. United Kingdom: Sage Publication

Kotler, P., Armstrong, G., and Tait, M. 2010. *Principles of Marketing: Global and Southern African Perspectives*. Cape Town: Pearson Edu.

Kotler, P. and Armstrong G.M. 2012. *Principles of marketing.* 14th ed. United Kingdom Pearson Education Ltd.

Langer, E. 2014. *What's Trending? Social Media and its Effects on Organizational Communication*. Available http://www.uwlax.edu/urc/JUR-online/PDF/2014/Langer.Emily.CST.pdf (Accessed 28 January 2015)

Larsson,J. and Kinnunen, J. 2007. *Performance measurement in nonprofits – Much to be gained or a waste of resources*? Available http://www.diva-portal.org/smash/get/diva2:141869/FULLTEXT01.pdf (Accessed 28 February 2014)

Lattimore, D., Baskin, O., Heiman, S., and Toth, E. 2011. *Public Relations: The profession and the Practice*. 4th ed. New York: McGraw-Hill

Leedy, P.D. and Omrod, J.E. (2001). *Practical research planning and design.* Seventh edition. New Jersey: Merril Prentice Hall.

Lin, S. 2013. *A systems view of the organisation*. Available http://www.csm-asia.com/csm/files/Systems_View_of_the_Organization.pdf (Accessed: 23 March 2013).

Little, E., and Marandi, E. 2006. *Relationship marketing management*. London: Thomson learning.

Macmillan, K., Money, K., Money, A., and Downing, S. 2005. Relationship marketing in the not-for-profit sector: an extension and application of the commitment–trust theory. *Journal of Business Research* (online), 58 (6): 806-818. Available: http://www.sciencedirect.com/science/article/pii/S0148296303002005 (Accessed 28 March 2012).

Madden, K. 2006. Giving and identity. Why affluent Australians give – or don't to community causes. *Australian journal of social sciences*, 41(4) 453-476.

Malhotra, N. 2010. *Marketing Research: An applied Orientation*. Nepal: Pearson education

Mazzocchi, M. 2008. *Statistics for marketing and consumer research*. 1st ed. London: Sage Publication.

Mcdaniel, C., and Gates, R. 2010. *Marketing Research with SPSS*. Asia: Wiley Publishing

Mcdaniel, C., and Gates, R. 2014. *Marketing Research*. Canada: Wiley Publishing

McGivern, Y. 2006. *The practice of marketing and social research*. 2nd ed. England: Pearson Education.

Michael Jay Polonsky, M.J., Lefroy, K., Garma, R. Chia, N. 2011. Strategic and tactical alliances: Do environmental non-profits manage them differently?. *Australasian Marketing Journal*, 19: 43-51. http://static1.squarespace.com/static/55e76d15e4b096d49758bd1d/t/55e77fade4b0942f5ae8adbd/1441234861505/Strategic+and+Tactical+Alliances.pdf (Accessed: 23 March 2013)

Mohammad, A.F.B. 2010. *Practices in sample size determination and variance estimation – Implications on data analysis (*online). Regional Conference on Statistical Science. Kelantan, 13-14 June 2010. Malaysia: Malaysia Institute of Statistics (ISM), 147-162. Available: http://instatmy.org.my/downloads/RCSS'10/Abstract/15A.pdf (Accessed 13 May 2013).

Morgan, R.M. & Hunt, S.D. 1994. The commitment-trust theory of relationship marketing. *Journal of Marketing,* 58*: 20-38*

Morgan, R.M., Hunt, S.H. 1994. The commitment-trust theory of relationship marketing. *The Journal of Marketing* (online), 58(3): 20-28. Available: http://www.jstor.org/stable/1252308 (Accessed 28 March 2012).

Nicholas, J.E. 2003. Repositioning fundraising in the 21st century. *International journal of non-profit and voluntary sector marketing*, 9(2): 163-170.

Novatorov, E.V. 2010. A critical appraisal of the concept of non-profit services marketing. *Journal of service science*. 2(3): 146-153.

Ok, P.B. 2000. *A study on application of non-profit marketing concepts to Korea's civil society organizations* https://www.kdevelopedia.org/Resources/government-law/study-application-non-profit-marketing-concepts-koreas-civil-society-organizations--04201202140000826.do?fldIds=TP_GOV%20TP_GOV_PD (Accessed: 23 March 2013)

Palmatier, R.W., Dant, R.P., Grewal, D., and Evans, K. 2006. Factors influencing the effectiveness of relationship marketing: A Meta Analysis (online). *Journal of Marketing*, 70(4): 136-153. Available http://www.jstor.org/stable/30162119 (Accessed 22 June 2013).

Parvatiyar, A., and Sheth, N. 2001. Customer Relationship Management: Emerging Practice, Process, and Discipline. *Journal of Economic and Social Research* 3(2) 1-34. Available http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.113.2212&rep=rep1&type=pdf (Accessed 14 November 2013).

Payne, A., Christopher, M., and Ballantyne, D. 2005. A stakeholder approach to relationship marketing strategy: The development and use of the six markets model. *European Journal of Marketing*, 39(7/8): 855-871. Available http://www.emeraldinsight.com/journals.htm?articleid=1508894 (Accessed 30 April 2012).

Payne, C,R. and Wansink, B. 2011. Quantitative approach to consumer field research. *Journal of Marketing theory and practice*, (19(4): 377-398

Payne,A., and Frow, P. 2005. A Strategic Framework for Customer Relationship Management. *Journal of Marketing*, 69 (4) 167-176. Available http://dx.doi.org/10.1509/jmkg.2005.69.4.167 (Accessed 14 November 2013).

Penrod, S. 1983. *Social Psychology*. New Jersey: Prentice Hall.

Peppers, D., and Rogers, M. 2000. *The Five "I"s of One-to-One Marketing*. Available at http://www.crmodyssey.com/Documentation/Documentation_PDF/The_Five%20_I_of%201-to-1_Marketing.PDF (Accessed: 23 march 2013).

Polonsky, M.J. and MacDonald, E.K. 2000. Exploring the link between cause related marketing and brand building. *International journal of non-profit and voluntary sector marketing*. 5(1): 46-57.

Pospíšil, M. 2009. *History of the Czech nonprofit sector*. Centre for nonprofit sector research. [Online]. Available: (www.e-cvns.cz/soubory/CVNS_WP0702_History_Pospisil.pdf. [2012, August 18].

Raciti, M.M., and Dagger, T.S. 2010. Embedding relationship cues in written communication. *Journal of Services Marketing* (online), 24(2): 103-111. Available: www.emeradinsight.com/0887-6045.htm (Accessed 28 March 2012).

Ranganathan, S.M. and Henley, W.H. 2008. Determinants of charitable donation intentions: A structural equation model. *International Journal of non-profit and voluntary sector marketing*, 13: 1- 11.

Rowe, W.G. and Dato – on, M.C. 2013. *Introduction to non-profit management*. Ontario: Sage Publications

Salamon, L.M. and Anheier, H.K. 1996. *The International Classification of Nonprofit Organizations*: ICNPO-REVISION 1. Baltimore: The John Hopkins University Institute for Policy Studies.

Salamon, L.M., Sokolowski, W.S. & List, R. 2003. *Global Civil Society: An Overview*. Baltimore: The John Hopkins University Institute for Policy Studies.

Sangonet Pulse (2013). *The South African Nonprofit Sector: Struggling to Survive, Needing to Thrive* Available: http://www.ngopulse.org/article/south-african-nonprofit-sector-struggling-survive-needing-thrive (Accessed 10 May 2014)

Sargeant, A. and Bennett, R. 2004. The nonprofit marketing landscape: a brief review of developments in the field. *Journal of Business Research,* 58(6): 797-805.

Sargeant, A. and Jay, E. 2004. *Fundraising Management: Analysis, Planning and Practice.* London: Routledge.

Sargeant, A. and Lee, S. 2002. Individual and contextual antecedents of donor trust in the voluntary sector. *Journal of Marketing Management*, 18: 779-802.

Saunders, M., Lewis, P., and Thornhill, A. 2012. *Research Methods for Business Students*. Harlow: Pearson education.

Sekeran, U. 2006. *Research methods for Business: A skill building approach*. India: Wiley: Unlimited

Shammout, A.B. 2007. *Evaluating an Extended Relationship Marketing Model for Arab Guests of Five-Star Hotels*. Available at http://core.ac.uk/download/pdf/10827133.pdf (Accessed: 24 April 2013)

Sheth, N.J. & Parvatiyar, A. 2000a. Conceptual foundations of relationship marketing, in Sheth, N.J. & Parvatiyar, A. (eds). *Handbook of Relationship Marketing.* Thousand Oaks, London, New Delhi: SAGE Publications. 3-38.

South African Institute of Fundraising (online). 2013. Available: http://www.saifundraising.org.za/ (Accessed 30 April 2013).

Stephenson, C. 2005. *Nongovernmental organisations (NGO's) – Beyond intractability* (online). Available: http://www.beyondintractibility.org/essay/role.ngo (Accessed 28 March 2012).

Stetzer, Ed. 2007. *New churches: marketing excerpt* (online). Available: http://www.newchurches,com/marketing-excerpt/ (Accessed 20 August, 2013).

Swilling, M. 2002. *Implications of the South African Non-Profit Sector Study*. Sustainable Institute School of Public Management and Planning University of Stellenbosch.

The World Bank. 2013. *The Role of Non-Profit Organisations in Development: the Experience of the World Bank.* Available: http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20507529~menuPK:1278313~pagePK:148956~piPK:216618~theSitePK:410306~isCURL:Y,00.html . (Accessed 12 May 2014).

Thill, J.V. and Bovee, C.L. 2015. *Excellence in business communication*. Pearson education: Harlow.

Toker, A., and Kankotan, E.I. 2008. *Member relationship management in non-profit organisations: A case of alumini organistion* (online). Available www.escp-eap.net/conferences/marketing/2008_cp/material/paper/fr/Toker_Kankotan.pdf (Accessed 28 March 2012).

Veal, A.J. 2011. *Research Methods for Leisure and Toursim: A practical guide*. Sydney: Pearson education

Veloutsou,C. 2002. Relationship marketing: What if? *European journal of marketing*, 36(4) 433-449 Available http://www.emeraldinsight.com/doi/full/10.1108/03090560210417255 (Accessed 14 November 2013)

Walliman, N. (2006). *Your Research Project.* London: Sage Publications.

Watson, R. P., Leyland, F. P., Berthan, P. and Zinkham, G. 2002. U-commerce: Expanding the Universe of marketing. *Journal of the Academy of Marketing Science*, 30(4): 333-47.

Weideman, E. 2012. *Donor decision making in a non-profit religious organisation.* Available: https://scholar.sun.ac.za/bitstream/handle/.../weideman_donor_2012.pdf? (Accessed 12 May 2014).

Welman, J.C., Kruger, F., and Mitchell, B. 2003. *Research Methodology*. Cape Town: Oxford University Press.

Westwood, J. 2011. *Marketing Your Business.* London: Kogan Page.

White, B. (2003). *Dissertation Skills for Business Management Studies*. London: Continuum.

Worth, M.J. 2008. *Nonprofit Management: Principles and Practice*. Los Angeles: Sage Publications

Yaziji, M., and Doh, J. 2009. NGO's and Corporations: Conflict and Collaboration. *Administrative Science Quarterly*, 54(4): 668-670. Available http://www.sciencedirect.com/science/article/pii/S0024630109001125 (Accessed on 30 April 2012).

Zeglat, D., AlRawabdeh, J.W., AlMadi, J.F. and Shrafat, J.F. 2012. Performance Measurements Systems: Stages of Development Leading to Success. *Interdisciplinary journal of contemporary research in business*, 4(7):440-448 http://journal-archieves25.webs.com/440-448.pdf (Accessed 5 January 2014)

Zikmund, W.G., Babin, B.J., Carr, J.C., and Griffin, M. 2013. *Business Research Methods*. 9th ed. Canada: South Western Cengage Learning.

Zimmerman, J. W. and Brown, D. 2012. *The Complete Idiot's Guide to Facebook Marketing.* New York: Penguin Group.

Southern Africa Institute of Fundraising
NPO: 008-166
KZN Branch
www.saif-kzn.co.za
Chairperson – Michael Deegan 072-768-5485
E-mail: director@communitychest.org.za
Vice Chair – Wendy McLeod 082-566-1787
wendymcleod@telkomsa.net
Administrator / Membership – Jenna Hardman -031-584-5000
E-mail: Jenna.Hardman@dmi.co.za
For Membership enquiries contact National Office
Tel: 071 674 6392
www.saifundraising.org.za

To whom it concerns Friday, May 03, 2013

Dear potential Research Participant,

This letter is to confirm that Sameera Hussain, a student registered at the Durban University of Technology, in the Department of Marketing is currently pursuing a Doctoral Degree in Technology Marketing. The primary component of the degree deals with a research based investigation that necessitates, inter alia, fieldwork and data collection.

The topic Sameera has chosen is titled “The role of relationship marketing in non-profit organizations in KwaZulu-Natal”.

The KZN South Africa Institute of Fundraising would encourage all potential research participants to support and work with Sameera.

Your cooperation in this matter is greatly appreciated.

Sincerely,

[redacted]

Michael Deegan
KZN SAIF Chairman

Annexure Two: Covering Letter – Questionnaire

45 Road 734
Montford
Chatsworth
Durban
4000

2 July 2015

LETTER OF INFORMATION AND CONSENT

RE: Postgraduate Studies in Doctorate of Technology: Marketing

Dear participant,

I am currently a D-Tech student at the Durban University of Technology – student number 20506945. My research topic is "The role of relationship marketing at non-profit organisations in KwaZulu-Natal". My supervisor is Prof V. P Rawjee and co-supervisor is Prof D Penceliah. The overall aim of this study is to explore the role of relationship marketing at non-profit organisations in KwaZulu-Natal.

This letter therefore serves as an invitation for you to consider participating this study. The questionnaire will take approximately 15 - 20 minutes to complete. Participation is voluntary and you are free to withdraw from the study at any time without giving reasons, and without prejudice or any adverse consequences. The information you give will only be used for research purposes and will be aggregated with other responses and only the overall or average information will be used. Your identity and individual answers will be kept totally confidential. Should you wish to discuss this further please feel free to contact me using the details below or my supervisor Prof V.P Rawjee, telephone: 031 373 6826 or Rawjeeve@dut.ac.za.

Your assistance will be much appreciated,

Yours faithfully,

Sameera Hussain
Sameerah@dut.ac.za

Please complete the following as confirmation of your willingness to participate in this research project:

I, ...……………………….…., have adequately discussed the study with the researcher, understand that I may withdraw from it at any time without giving reasons, and voluntarily agree to participate in an interview.

.

Signature: ………………………………………………. Date: ....

Annexure Three: Questionnaire

Relationship Marketing at Non-profit Organisations in KwaZulu-Natal: South Africa

Kindly mark the most appropriate alternative/s with **[X]**

SECTION A
1.ORGANISATIONAL CATEGORIES

1.1 Indicate the sector/level/category within which your non-profit organisation operates:					
Sector		**Level**		**Category**	
Public		Local		Charity / Welfare	
Private Enterprise		Regional		Culture	
Non-profit		National		Social Development	
Household		International		Sport	
Other – Specify				Education	
				Health	
				Other - Specify	

SECTION B
Non-profit organisations

1.1 Please indicate your agreement with each of the following statements.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Non-profit organisations are:					
Community based, voluntary and independent organisations or associations engaged in serving the needs of the public.					
Responsible for providing goods and services which are underprovided by the market or government.					
Key role players in the transformation of society.					
In developing countries Non-profit					

organisations have become a major economic force.					
No longer considered trivial and inconsequential					
Donors donate due to:					
The expectation that they will receive help when needed					
The need to adhere to social norms					
The need to assist out of guilt					
Barriers affecting our non-profit organisation					
Disinterest in funding the programme or development					
Different ideas and implementation tactics					
Reluctance of stakeholders to deal with difficulties					
Technological advancement					
Organisational Culture					
Lack of donations					
Growing scrutiny by the public, media and other regulators.					

1.2 What role should non-profit organisations play in meeting the needs of societies?

……
……
……

2. NON-PROFIT LIFECYCLE

2.1 Identify the number of years that your non-profit organisation has been in existence and its current stage of development.

Years in existence		Development stage	
0 - 2 years		Start-up	
3 – 6 years		Emerging	

7 – 10 years		Growth	
Over 10 years		Expansion	
Over 20 years			

3. RESOURCES FOR NON-PROFIT ORGANISATIONS

3.1 Identify the manner in which resources are acquired at your non-profit organisation and strategies that can be employed to assist a non-profit organisation to become financially viable.

Resources		Strategies	
Grants		Strategic and proactive reaction to the environment	
Donations		Effective organisation design	
Revenue from sales		Competitive performance	
Donated Material		Professional Performance	
Other – specify		New Funding approach	

3.2 Describe how your non-profit organisation raises its funds.

……
……
……

SECTION C

1. MARKETING AT NON-PROFIT ORGANISATIONS

1.1. Please indicate your agreement with each of the following statements.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Marketing					
A process used by organisations to create value for customers and build strong relationships.					
Marketing activities are employed at our non-profit organisation					
Marketing activities will allow our organisation to attract new donors and stakeholders					

Marketing has the ability to assist our non-profit organisation with various challenges.					
The main aim of marketing at our non-profit organisation is to persuade people					
Competition					
Competition has become a major concern for our non-profit organisation					
Our competitors are:					
Similar Non-profit organisations					
Government agencies					
Private organisations					

SECTION D

1. Relationship marketing

1.1 Please indicate your agreement with each of the following statements relating to

	Strongly Disagree	Disagree	Agree	Strongly Agree
Relationship marketing at non-profit organisations.				
Relationship marketing refers to activities which are directed towards establishing, developing and maintaining successful relational exchanges.				
Non-profit organisations should establish and maintain relationships with their stakeholders.				
Our non-profit organisation is enthusiastic about forming long-term relationship with stakeholders.				
Building relationships could be advantageous for our non-profit organisations				
Internal stakeholders play a pivotal role in successfully implementing relationship strategies.				
Relationship marketing creates values for customers				
Customer relationship marketing is the same as relationship marketing				

1.2 Indicate the stakeholders with whom you have formed relationships with.

Employees	
Investors/grant makers/lenders	
Customers/service users and families	
Beneficiaries	
Regulators	
The local community	
Other	

1.3 Indicate the importance of the following relationship stages

	Not important	Slightly important	Important	Very important
Initiating Relationships				
Developing Relationships				
Maintaining Relationships				
Ending Relationships				

2. COMPONENTS OF THE RELATIONSHIP MARKETING MODEL

2.1Indicate your agreement with each of the following statements related to the key components of relationship marketing.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Shared Values					
To succeed in any business, ethics should be compromised.					
Communication					

We keep our stakeholders informed of new developments					
Stakeholders communicate their expectations of our organisation to us.					
Opportunistic Behaviour					
To accomplish our objectives we may slightly alter facts					
Promise to do things without actually doing them later					
Relationship Commitment					
We are committed to our organisation					
Trust					
Our stakeholders cannot be trusted					
Our stakeholders can be counted upon					
Our stakeholders have high integrity					
Acquiescence					
In the future our non-profit organisation will likely comply and work better with stakeholders.					
Functional Conflict					
In the future, differences of opinion will be viewed as “Just doing Business”					
Uncertainty					
We are confident in making future decisions					
Cooperation					
Cooperation between local, regional and national stakeholders is of great importance to us.					
Propensity to leave					
We are in the process of terminating relationships with certain stakeholders.					
Loyalty					

Customer loyalty can be established through implementing relationship marketing?					
Loyal Customers are profitable to an organisation?					

2.2 Indicate whether the following components can be used to build relationships with key stakeholders.

	Strongly Disagree	**Disagree**	**Agree**	**Strongly Agree**
Time				
Emotional intensity				
Mindfulness				
Diversity				
Respect				
Reciprocity				

2.4Provide recommendations to improve relationship marketing at your nonprofit organization?

……
……
……

SECTION E

1.1 IMPORTANCE OF MARKETING COMMUNICATION

	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Communication plays an integral role in our non-profit organisation.					
Different communication tools are utilised to ensure that the stakeholders are reached.					
Social media has had an impact on our non-profit organisation.					
Social media offers our organisation a cost-effective way to develop relationships with stakeholders.					

The incorporation of social media has enhanced and improved our communication efforts					
Social media should be used for business purposes					

2. INTEGRATED MARKETING COMMUNICATION MIX

2.1. Indicate the frequency of usage and efficiency of the communication tools listed below:

	Frequency of usage					Efficiency of communication tools			
	Daily	**Weekly**	**Monthly**	**Annually**	**Never**	**Inefficient**	**Neutral**	**Efficient**	**Most efficient**
Advertising (Television and Radio)									
Advertising (Newspapers and Magazines)									
Flyers and brochures									
Roadshows and trade fairs									
Direct Marketing									
Personal Selling									
Telephonic Calls									
Facebook									
WhatsApp									
Twitter									
SMS									
BBM									
Blog									
Websites									

You-tube									
Instagram									
	Other - Specify								

2.2 What kind of benefits can be achieved from using social media?

……
……
…….

2.3Our non-profit organisation uses social media to:

Communicate with external stakeholders	
Communicate with internal stakeholders	
Research competing non-profit organisations	
Promote the non-profit organisation	
Other	

2.4 Who is responsible for updating and maintaining your non-profit organisations social media profile/s?

Marketing / Communication Staff	
Administrative Staff	
Shared across departments	
No one	
Other	

2.5 Indicate your agreement with each of the following statements

	Strongly Disagree	**Disagree**	**Agree**	**Strongly Agree**
Benefits of using social Media to build and sustain relationships				
Social media ensures that my organisation has stronger visibility				
Encourages my stakeholders to follow my organisation on more than one site				
Reaches my stakeholders where they are; and speak to them in the language, tone and style that appeals to them.				
Allows for the creation of community boards for key stakeholders to engage with me				
Empowers employees to share approved content to their trusted networks				
Fosters loyalty				
Viewed as a form of personal communication				
Take my activities across more than one social network.				
Stronger connections with high-valued stakeholders are formed				
Other				
Social media can assist a developing country in:				
Solving local challenges				
Allowing communities to buy into new innovations				
Building online community support				
Economic empowerment				
Provides real time insights into the lives of people around the world				
Facilitates communication on social issues				
Publicises the vision, mission and purpose of the non-profit organisation				

Enhances the ability of poor populations to voice their opinions				
Possess the power to connect people and empower change				
Proves a new dimension to the non-profit causes				`
Other				

THANK YOU FOR YOUR PARTICIPATION

Annexure Four: Covering Letter – Interview Schedule

45 Road 734
Montford
Chatsworth
Durban
4000

2 July 2015

LETTER OF INFORMATION AND CONSENT

RE: Postgraduate Studies in Doctorate of Technology: Marketing

Dear participant,

I am currently a D-Tech student at the Durban University of Technology – student number 20506945. My research topic is "The role of relationship marketing at non-profit organisations in KwaZulu-Natal". My supervisor is Prof V. P Rawjee and co-supervisor is Prof D Penceliah. The overall aim of this study is to explore the role of relationship marketing at non-profit organisations in KwaZulu-Natal.

This letter therefore serves as an invitation for you to consider participating in an interview for this study. The questionnaire will take approximately 15 - 20 minutes to complete. Participation is voluntary and you are free to withdraw from the study at any time without giving reasons, and without prejudice or any adverse consequences. The information you give will only be used for research purposes and will be aggregated with other responses and only the overall or average information will be used. Your identity and individual answers will be kept totally confidential. Should you wish to discuss this further please feel free to contact me using the details below or my supervisor Prof V.P Rawjee, telephone: 031 373 6826 or Rawjeeve@dut.ac.za.

Your assistance will be much appreciated,

Yours faithfully,

Sameera Hussain
Sameerah@dut.ac.za

Please complete the following as confirmation of your willingness to participate in this research project:

I, ...……………………….…., have adequately discussed the study with the researcher, understand that I may withdraw from it at any time without giving reasons, and voluntarily agree to participate in an interview.

.

Signature: ……………………………………………. Date: ....

RELATIONSHIP MARKETING AT NON-PROFIT ORGANISATIONS IN KWAZULU-NATAL: SOUTH AFRICA

INTERVIEW SCHEDULE

1. NON-PROFIT ORGANISATIONS

1.1 Do you believe that a need exists for non-profit organisations in developing countries?

Yes □

No □

1.2 Describe the role that your non-profit organisation plays in meeting the needs of society?

____

____

1.3 Do you believe that enough support is provided by the government for non-profit organisations in South Africa?

____

____

1.4 What are some of the constraints facing the non-profit sector in South Africa?

____

____

1.5 Explain the manner in which you go about acquiring resources for your non-profit organisation?

____

____

2. MARKETING AT NON-PROFIT ORGANISATIONS

2.1 Should marketing be applied to the non-profit sector?

2.1.1 If yes – explain how?

2.1.2 If no – explain why?

2.2 Do you have a specific marketing plan that is currently driving your marketing efforts?

Yes □

No □

Explain

____
____
____

2.3 Who is your primary target audience and are you confident that you are reaching them?

____
____
____

3. <u>RELATIONSHIP MARKETING AT NON-PROFIT ORGANISATIONS</u>

3.1 "*Relationship marketing is the act of building close relationships with existing customers and prospects"*. Do you agree with this statement?

Yes □

No □

Explain

____
____
____

3.2 What do you believe are the essential components necessary for building relationships?

____
____
____

3.3 Why have you selected these components?

____
____
____

3.4 What do you believe is the true value of building relationships with key stakeholders?

____

____

____

4. COMMUNICATION AT NON-PROFIT ORGANISATIONS

4.1 Do you believe that communication tools are able create an impact on key stakeholders?

4.1.1 If yes – explain how?

4.1.2 If no – explain why?

4.2 What are your biggest communications challenges?

____

____

____

4.3 What emotions do you hope to convey through your brand's visuals and messaging?

____

____

____

4.3 Can the inclusion of social media be advantageous to your non-profit organisation?

Yes □

No □

5. SOCIAL MEDIA

5.1 What do you hope to achieve by using social media as a communication tool?

____

____

____

5.2 Should non-profit organisations develop a strategy for using social media as a communication tool?

Yes □

No □

5.3 Has a social media policy been developed for your non-profit organisation?

Yes □

No □

5.4 Which social media sites does your non-profit organisation use?

____
____
____

5.5 Which site have you found to be the most effective? Why?

____
____
____

5.6 What expectations have you developed for communicating using social media?

____
____
____